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Daily Report

China

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17 February 1994

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General

Foreign Ministry Holds Weekly News Briefing

Views Detention of Missionaries

OW1702104794 Beijing XINHUA in English 1036
GMT 17 Feb 94

["Chinese Foreign Ministry Spokesman on Management of Foreigners' Religious Activities in China"—XINHUA headline]

[Text] Beijing, February 17 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that claims that the recently promulgated regulation on the management of foreigners' religious activities in China has limited links between Chinese and foreign religious people were totally groundless.

At a weekly press conference here this afternoon, the spokesman said China is a country that pays great attention to the rule by law.

He said the regulation fully shows that the Chinese Government respects the freedom of religious belief of foreigners in China and of Chinese citizens, protects their normal religious activities, and preserves normal friendly contacts and cultural and academic exchanges between foreign and Chinese people in the religious field.

Meanwhile, he said, the regulation also demonstrates the principles set forth in China's constitution that China's religious bodies and religious affairs will not be subjected to any foreign domination.

The spokesman said foreigners in China should abide by Chinese laws and should neither harm the country's public social interests nor interfere in its religious affairs.

When asked to confirm whether the Chinese Public Security Department had arrested foreign Christians, the spokesman said three American citizens and two citizens from Indonesia conducted illegal religious activities between February 9 and 11, 1994, in Henan Province of China, thus violating the regulation on the maintenance of social order of the People's Republic of China and the regulation on the management of foreigners' religious activities in China.

On February 11, the local public security bureau, in accordance with Chinese laws, conducted an investigation, instructing and giving warnings to these people, and shortened the term of stay in China for one American citizen among them, the spokesman said.

These people acknowledged that they had violated Chinese laws, made guarantees that they would no longer conduct such activities and left for Hong Kong on the afternoon of February 15, he said.

Spokesman Defends Detention

HK1702094594 Hong Kong AFP in English 0922 GMT
17 Feb 94

[Text] Beijing, 16 Feb (AFP)—China defended Thursday [17 February] its detention of five foreign missionaries, including three US citizens, saying they had violated sweeping new laws introduced this month to control religious activity. The three Americans and two Indonesians had "conducted illegal religious activities," in violation of new regulations governing religion which took effect January 31 and restrict the religious activities of foreigners in China, Foreign Ministry spokesman Wu Jianmin said.

Wu did not specify the nature of the activities, nor did he refer to two Hong Kong Chinese who were also detained February 11 in central Henan province after attending an outdoor Christian prayer meeting. All seven missionaries—led by Reverend Dennis Balcombe, a Mandarin-speaking evangelist and pastor of the Revival Christian Church in Hong Kong—returned to the colony on Tuesday. The fate of three local Chinese detained at the same time remains unknown.

Wu said the local security officials had carried out "investigation, interrogation and detention" of the foreign missionaries in accordance with Chinese law, and had issued stern warnings. Balcombe, a frequent traveller to China, also had his visa revoked, Wu added. In a statement Wednesday, Balcombe said cash and property worth thousands of dollars had been taken by police from the group during their ordeal, during which the Hong Kong Chinese were also beaten and pulled by their hair.

"These people have acknowledged that they had violated Chinese laws and made guarantees that they would not conduct such activities anymore," Wu said.

They were believed to be the first Christians detained under the new regulations which prohibit foreigners from cultivating religious disciples in China and setting up religious offices or schools. While foreigners may bring in religious material for their own use, any materials which have contents harmful to China's social public interest are banned.

The regulations "embody the principle that China's religious bodies and religious affairs are not subject to any foreign domination," Wu said, adding that foreigners would not be allowed to "harm the social public interest or interfere in China's religious affairs." Although freedom of religion is guaranteed in the Chinese constitution, the communist government has waged a constant campaign to prevent the spread of all faiths and limit contact between domestic and foreign religious organisations.

"As long as foreigners abide by the Chinese laws, they will have no trouble at all," Wu said. Well aware of the important role played by the church in the downfall of eastern European communism, religious repression—

including torture and detention of believers—has intensified since early 1992, international human rights organisations say.

Welcomes DPRK Nuclear Issue Decision

*OW1702090794 Beijing XINHUA in English 0856
GMT 17 Feb 94*

[Text] Beijing, February 17 (XINHUA)—A Chinese Foreign Ministry spokesman, when asked to comment on a report that the Democratic People's Republic of Korea (DPRK) has agreed to inspection of its nuclear facilities by the International Atomic Energy Agency (IAEA) here this afternoon, said that "we welcome this development".

At the weekly press conference, he said this once again shows that dialogue is the only correct way to resolving the nuclear issue on the Korean Peninsula.

He added: "We hope that the parties directly concerned will continue to adopt a positive and constructive attitude and seek an appropriate solution to this issue at an early date through dialogue and consultation."

'Firmly Opposed' to Taiwan Relations Act

*OW1702103594 Beijing XINHUA in English 1017
GMT 17 Feb 94*

[Text] Beijing, February 17 (XINHUA)—A Chinese Foreign Ministry spokesman said here this afternoon that the Chinese Government and people stand firmly opposed to the Taiwan Relations Act.

He made the statement at the weekly press conference when asked to comment on the assertion by the Foreign Relations Authorization Act of the State Department of the United States for fiscal years 1994 and 1995 that on the issue of U.S. arms sales to Taiwan, the Taiwan Relations Act should supersede the Sino-U.S. Joint Communiqué issued on August 17, 1982.

He noted that the essence of the Taiwan Relations Act is to attempt to overrule the August 17 joint communiqué between China and the United States and legalize U.S. arms sales to Taiwan, stressing that this is what the Chinese Government and people stand firmly opposed to.

The August 17 joint communiqué is an international agreement reached between the two Governments of China and the United States, which the U.S. Government is obligated to strictly abide by in the principle that international laws prevail over domestic laws and take necessary measures to prevent the U.S. Congress from making any remarks and taking any actions which are in violation of this principle with a view to the maintenance of Sino-U.S. relations.

Protests Li Teng-hui's Visit

*OW1702101394 Beijing XINHUA in English 0959
GMT 17 Feb 94*

[Text] Beijing, February 17 (XINHUA)—The Chinese side has made representations with Thailand and elucidated the solemn position of China on Li Denghui's [Li Teng-hui] Thailand visit, a Chinese Foreign Ministry spokesman said at a weekly press conference here this afternoon.

Wu Jianmin, the spokesman, made the remarks when asked to comment on a meeting between the king of Thailand and Li Denghui of Taiwan.

He said the essence of Li Denghui's holiday-making diplomacy is to create "two Chinas" or "one China, one Taiwan", which is resolutely opposed by the Chinese people, including the people of Taiwan.

He hoped that the countries concerned should strictly abide by the joint-communiqués and the promises they have made when setting up diplomatic relations with China.

Views Possible Ties With S. Africa

*OW1702091394 Beijing XINHUA in English 0902
GMT 17 Feb 94*

[Text] Beijing, February 17 (XINHUA)—Chinese Vice-Foreign Minister Tian Zengpei will visit Mozambique, Zimbabwe and Namibia from February 20 to March 2 at the invitation of the three countries' foreign ministries.

This was announced by a spokesman for the Chinese Foreign Ministry at the weekly press conference here this afternoon.

Tian will also visit South Africa as guest of the Center for South Africa Studies of the China Institute on International Studies in Pretoria, said Spokesman Wu Jianmin.

Wu noted that along with the abrogation of the apartheid system in South Africa, China is willing to normalize its relations with South Africa on the basis of the five principles of peaceful co-existence.

Views Friendly Relations With Japan

*OW1702100094 Beijing XINHUA in English 0953
GMT 17 Feb 94*

[Text] Beijing, February 17 (XINHUA)—Chinese Foreign Ministry Spokesman Wu Jianmin said here this afternoon that it is a basic policy of the Chinese Government to develop friendly relations and co-operation with Japan in a sustained and stable manner on the basis of the five principles of peaceful co-existence.

He said this at the weekly press conference when asked to comment on an article of a Japanese magazine which asserted that China views Japan as a major enemy in 20 years.

He said this assertion is untenable and is designed by a very small number of people to sow discord. He pointed out that it is the common aspiration of the two peoples to carry on Sino-Japanese friendship from generation to generation, and it is a basic policy of the Chinese Government to develop friendly relations and co-operation with Japan in a sustained and stable manner on the basis of the five principles of peaceful co-existence.

He noted that long-standing friendship and co-operation between China and Japan will not only benefit the two countries, but also contribute to the stability and prosperity of the region and the world at large.

Foreign Ministry Spokesman Announces Visits

Zhu Rongji To Visit Japan

OW1702090294 Beijing XINHUA in English 0853
GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—Chinese Vice-Premier Zhu Rongji will pay an official good-will visit to Japan from February 23 to March 3, at the invitation of the Government of the State of Japan, a Chinese Foreign Ministry spokesman announced here today.

Asked about the objective of Zhu's visit to Japan at a weekly press conference this afternoon, the spokesman said that the main objective of the visit is to exchange views with the leaders of the Japanese Government and personages from various circles of life there on the development on bilateral relations.

The spokesman said that the visit aims to enhance mutual understanding, deepen friendship and motivate the further development of friendship and co-operation between the two countries in various fields.

Vietnamese Assembly Chairman To Visit

OW1702091694 Beijing XINHUA in English 0907
GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—Nong Duc Manh, chairman of the National Assembly of Vietnam, will pay a good-will visit to China from February 21 to March 1 at the invitation of the Standing Committee of the Chinese National People's Congress, said a spokesman for the Chinese Foreign Ministry at a weekly press conference here this afternoon.

Turkmenistan Assembly President To Visit

OW1702092894 Beijing XINHUA in English 0913
GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—Sakhat Muradov, president of the Majlis (assembly) of Turkmenistan, will pay a good-will visit to China from February 20 to 25, at the invitation of the Standing Committee of China's National People's Congress, a Chinese Foreign Ministry spokesman announced at a press conference here this afternoon.

French Senate President To Visit

OW1702084794 Beijing XINHUA in English 0835
GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—A Chinese Foreign Ministry spokesman announced here today that Rene Monory, president of the Senate of France will pay a goodwill visit to China from February 22 to 26, at the invitation of the Standing Committee of China's National People's Congress.

Italian Senate President To Visit

OW1702084394 Beijing XINHUA in English 0831
GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—Giovanni Spadolini, president of the Senate of Italy will pay a goodwill visit to China from February 18 to 23 at the invitation of the Standing Committee of China's National People's Congress. This was announced by a spokesman of the Chinese Foreign Ministry at a weekly press conference here this afternoon.

'News Analysis' Views U.S.-Japanese Trade

OW1602142794 Beijing XINHUA Domestic Service in Chinese 0459 GMT 16 Feb 94

["News analysis" by XINHUA reporter Wang Nan (13769 2809): "In What Direction Will U.S.-Japanese Trade Relations Go?"; Beijing XINHUA Domestic Service in Chinese at 0853 GMT on 16 February transmits a service message canceling the following item and asks that it be replaced with another version transmitted immediately after the service message; differences between the two items are noted]

[Text] Washington, 15 Feb (XINHUA)—U.S. Trade Representative Mickey Kantor announced here today that because Japan failed to fulfill the 1989 bilateral U.S.-Japanese agreement on telecommunications products, the United States would raise import tariffs—in other words, impose so-called trade sanctions—on Japanese-made cellular phones. Thus, the U.S.-Japanese trade conflicts that have been boiling for some time have eventually come to an "end." [variant version reads "U.S. Trade Representative Mickey Kantor announced here today that he was sure that Japan had failed to fulfill the 1989 bilateral U.S.-Japanese agreement on telecommunications products, and so Japan might be subjected to retaliatory actions."—rewording paragraph]

Five year ago, the Japanese Government agreed that cellular phones produced by the U.S. Motorola company may have access to Japan, and Japan also promised that by 15 February 1994 the company's products would account for one-third to one-half of Tokyo's cellular phone market. Motorola, which is headquartered in Champion, Illinois, announced a few days ago that owing to the many restrictions imposed by the Japanese Government and by business circles, the company's

products accounted for only 5 percent of the Tokyo market, which is a far cry from Japan's promise.

In fact, the cellular phone trade is just a miniscule portion in terms of the economic interests of these two largest industrialized countries in the world. However, since the announcement of the trade sanctions was made on 11 February after the breakdown of the U.S.-Japanese summit talks, the dispute has become particularly eye-catching. The issue of where will U.S.-Japanese trade go from here has become a major topic of discussion and concern here. [variant version reads "Kantor added: 'We have said many times that we are determined to achieve results in carrying out our trade agreement.' He stressed that the United States would announce within 30 days certain trade sanctions that had been contemplated." —rewording paragraph]

Because it failed to reach an agreement on the eight months of talks on a framework for U.S.-Japanese trade, President Clinton's meeting with Prime Minister Hosokawa last Friday [11 February] became the sides' first unsuccessful summit meeting after World War II. During the negotiations, the U.S. side insisted on using numerical targets as the yardstick for measuring the two countries' trade relations and said that Japan should first open for the United States its markets for automobiles, auto parts, telecommunications products, medical equipment, and insurance, but Japan stated that this was unacceptable. The negotiations ended unsuccessfully.

U.S.-Japanese trade relations over the last 20 years show that the U.S. trade deficit with Japan has soared drastically. The \$1.3 billion trade deficit in 1971 soared to \$21.6 billion in 1983 and to \$54 billion in 1992. It is estimated that the trade deficit in 1993 would reach \$60 billion. Meanwhile, the United States has also started to solve this problem through various channels of negotiations. The "market-oriented negotiations in individual sectors" during the early eighties involved telecommunications products, medical equipment, pharmaceuticals, timber, and automobiles; and during the latter part of the eighties, the United States tried to adopt the so-called "Super 301" section of the trade law to eliminate the trade barriers that Japan had imposed on U.S.-made supercomputers, satellites, and timber products. Ever since the 1990's, the United States has started to tackle structural issues concerning U.S.-Japanese investment and trade—issues such as investment barriers, antimonopoly measures, trade exclusivity, and so forth.

The Clinton administration has described the framework negotiations on U.S.-Japanese trade—which started last July—as the first U.S.-Japanese trade negotiations that paid attention to results, but Japan was offended by the U.S. attempt to "manage trade" using numerical targets.

In President Clinton's words, the 30 or so bilateral trade agreements that the United States and Japan have reached during the last decade or so are just "for show"

because they have achieved nothing substantial in opening up Japan's markets. According to U.S. Government statistics, compared with other industrialized countries, the Japanese market is the smallest for foreign goods. Among other goods, [foreign] telecommunications products, insurance, and automobiles account for 5, 2, and 3 percent, respectively, of the Japanese market. Because expanding exports to Japan is one of the measures that the United States is pursuing to create job opportunities at home, President Clinton said that the United States can no longer wait. He said that while the U.S. sanctions on Japanese telecommunications products would be "just a coincidence," they may explain where the problems lie.

In their talks with the press, White House officials have tried everything to avoid using the phrase "trade war." Observers here maintain that U.S.-Japanese economic relations have developed to such an extent that they need each other and that neither side can gain in a large-scale trade war. Laura Tyson, chairwoman of the Council of Economic Advisers, said on 14 February that the time "is not yet ripe" for waging a trade war with Japan. She added, however, that a trade war might occur and so the "Japanese should think thrice." Observers here maintain that the United States has yet to state clearly what actions it will take following the failure of the U.S.-Japanese summit, and that the United States wants Japanese business circles to exercise pressure on the government and to force it to concede and that it also wants to force the Japanese yen to strengthen and affect the Tokyo stock market.

Currently the U.S. Government may have these options: restating the "Super 301" section of the trade law through an executive order of the President; demanding that the GATT conduct a special examination of Japan; accusing Japanese companies in the United States of violating the "antitrust law"; and classifying light trucks and sports cars imported from Japan as trucks so that the tariffs imposed on them can be raised from 25 percent to tenfold [shi bei—0577 0223]. What moves Japan may take after the United States has contemplated taking retaliatory measures remain to be seen. [variant version reads "what moves the United States and Japan will take during the next 30 days merit attention." —rewording last sentence]

Beijing-Affiliated Paper Says Bosnia Air Raids 'Imprudent'

HK1702013994 Hong Kong TA KUNG PAO in Chinese 16 Feb 94 p 3

["Political Talk" column by Shih Chun-Yu (2457 0689 3768): "China Pays Close Attention to Consequences of Air Raid on Sarajevo"]

[Text]Stepping Up Preparations for Air Raid on Serb Troops

NATO fighters have doubled their number of sorties over the last few days. The fighters, which took off from

U.S. aircraft carriers in the Adriatic Sea and from bases in Italy, kept a close watch on the movements of Serb troops besieging Sarajevo in a bid to force them to withdraw their heavy weapons, including artillery. Large-scale air raids seem unavoidable. The whole world is closely following developments in Bosnia, because the war is likely to develop into a long-term civil war, which will greatly jeopardize stability in Europe.

NATO took the trouble to sternly demand that Serb troops withdraw their heavy weapons within 10 days and place them under UN supervision. It is now only three days away from the deadline, but the Serb authorities, instead of withdrawing their heavy weapons as demanded, have warned the UN and NATO that Serb troops will retaliate if attacked. In that case, the war will escalate and the UN will become a belligerent, making the situation more complicated.

Interference Will Spread the Flames of War

Since the civil war broke out in Bosnia, 200,000 people have unfortunately been killed, while Sarajevo has suffered the heaviest casualties. Serb troops are now besieging Sarajevo, which is in danger of falling into enemy hands, and they are trying to bottle up the Moslems by using hunger and the terror of war. A large number of Sarajevo citizens were attacked by mortars while lining up for bread on 5 February, and 68 people were killed and 198 wounded. This was the blackest tragedy since the beginning of the civil war. The Bosnian Government, which is mainly composed of Moslems, strongly condemned Serb troops for the atrocity, which made one's blood boil. The Serbs, however, solemnly claimed that the Moslems had tried to win the sympathy of the outside world by inflicting casualties on their own people. They said a similar incident also occurred in Sarajevo in May 1992, when citizens queuing for bread were attacked by three mortars, killing 17 people and wounding more than 100. After the incident, Moslems and Serbs accused each other of the crime. For this reason, the Security Council applied sanctions against the new Yugoslavia [name as published], including a ban on petroleum exports to the country.

Up to now, no evidence has shown who should be held responsible for the tragedy. This being the case, it is imprudent [zao ci 6644 2945] for the UN to carry out bombing raids.

Chen Jian, China's deputy representative to the UN, said at a Security Council meeting yesterday that the use of air power in Bosnia by the UN should be restricted to protecting its peace-keeping forces. He also pointed out that further military action in Bosnia could possibly lead to undesirable consequences rather than helping provide a political solution to a local conflict.

Air Raids Will Not Solve Any Problems

Russian Defense Minister Grachev also expressed his opposition to air raids on 14 February for the reason that, after air raids, if Serb troops wage a guerrilla war

against UN peace-keeping forces, NATO will be unable to defeat these guerrilla forces unless it sends large numbers of ground troops.

In the Gulf war, the powerful U.S. Air Force could play a decisive role because the war was fought over a stretch of desert. But Sarajevo is surrounded by mountains. The UN air forces can destroy Serb artillery bases at one stroke, but it will find it difficult to eliminate guerrilla forces in the mountains. The former Soviet Union, which suffered great losses because of its interference with internal conflicts in Afghanistan, provides a good example in this respect. Again, as soon as any air raid begins, hopes for peace talks among the three nations in Bosnia will be killed, the war will drag on, and there will be more casualties. The UN should think about these consequences thrice before it acts.

Boris Yeltsin, Helmut Kohl Discuss Bosnia Crisis OW1702051094 Beijing XINHUA in English 0210 GMT 17 Feb 94

[Text] Moscow, February 16 (XINHUA)—Russian President Boris Yeltsin and German Chancellor Helmut Kohl exchanged views over the Bosnia crisis and explored the possibility of a peaceful solution to the problem in a telephone conversation today.

The Russian president stressed that the settlement of the current crisis should correspond to UN resolutions, the INTERFAX NEWS AGENCY reported.

However, the news reports did not give details of the discussion, saying that the two leaders agreed to continue their dialogue over the Bosnia situation.

In a related development, Russian Deputy Foreign Minister Sergey Lavrov today accused the Western threats to bomb Serb military positions of "illegitimate." [sentence as received]

"We are doing everything to prevent air strikes," Lavrov said. "and we consider the NATO ultimatum illegitimate."

Russian officials have opposed NATO air strikes against the Serbs, who have ethnic and religious ties to Russia. Yeltsin told reporters Tuesday [15 February] after a meeting with British Prime Minister John Major that Russia sought to resolve the crisis by peaceful means.

"Russia will play an active role in the negotiating process in order to resolve the Yugoslav conflict by peaceful means," said Yeltsin.

The decision on air strikes should be left to the United Nations, the Russian president said, adding that air raids would be justified only if UN peacekeepers were attacked.

Tajikistan Reportedly Opposes Use of Force in Bosnia*OW1702050794 Beijing XINHUA in English 0222 GMT 17 Feb 94*

[Text] Moscow, February 16 (XINHUA)—Tajikistan has expressed strong opposition to any use of force in Bosnia.

The ITAR-TASS NEWS SERVICE quoted Tajik Foreign Minister Rashid Alimov as saying today that any "means of violence" to be used to solve the conflict in former Yugoslavia is doomed to fail.

"Violence will be answered by violence," he said, adding that no side involved in the Bosnian conflict should cross the "risk line" any more.

Russia Aims To Block Air Strikes Against Bosnian Serbs*OW1702050994 Beijing XINHUA in English 0305 GMT 17 Feb 94*

[Text] Moscow, February 16 (XINHUA)—Russian Deputy Foreign Minister Sergey Lavrov said here today that the current Russian diplomatic activities are aimed at blocking the implementation of NATO's ultimatum on air strikes against Bosnian Serbs.

"We are doing everything to prevent air strikes," Lavrov announced in parliament, "and we consider the NATO ultimatum illegitimate."

Russian representatives to the UN Security Council were instructed to oppose NATO air strikes, he said, adding that as a request by Moscow, the UN Security Council had created a special committee to investigate the earlier mortar shell explosion in a downtown Sarajevo marketplace, in which 68 civilians were killed and 200 wounded.

The Russian official said that even a limited air strike against Serb military positions would alter fundamentally the political and military situation in Bosnia and the whole of Europe.

It would mean, he said, the failure of a peaceful settlement of the Bosnia conflict.

The deputy foreign minister said that NATO's threat to bomb did not correspond to UN decisions. Russia was prepared to object to any actions running counter to UN resolutions, he noted.

Romania, Croatia Urge More Efforts for Peace in Bosnia*OW1702050694 Beijing XINHUA in English 0303 GMT 17 Feb 94*

[Text] Bucharest, February 16 (XINHUA)—Romania and Croatia today urged the international community

and warring sides in Bosnia to continue their efforts of peace to solve the conflict in the former Yugoslav republic.

This call was made by Romanian President Ion Iliescu and his Croat counterpart Franjo Tudjman at a joint press conference here.

The two leaders said they do not want to see the NATO plan for air strikes on Bosnian Serbs become a reality.

Iliescu said resorting to force could not help solve any problem and, on the contrary, will befoul the political atmosphere and hinder efforts to solve the problem.

Tudjman said air strikes will result in more casualties and escalate the conflict. He hoped Romania will play an important role in seeking a political solution.

Tudjman ended his three-day visit here on Wednesday. During the visit, the two countries signed a treaty of friendship and cooperation and one on trucking and scientific research cooperations.

U.S. Reiterates Stance on Sending Troops To Bosnia*OW1702030194 Beijing XINHUA in English 0208 GMT 17 Feb 94*

[Text] Washington, February 16 (XINHUA)—Following refusals from major European countries to send more troops to Sarajevo, the United Nations is asking the U.S. for extra troops to the Bosnian capital, the State Department confirmed today.

"The United Nations has sought the request for additional troops. The United States was among the group of countries approached by the United Nations," State Department Spokeswoman Christine Shelly said.

The United States has all the way insisted that it will not send ground troops to Bosnia unless the three warring sides reach a peace settlement in good faith.

Shelly refused to give more details on the request, but said "The U.S. position on troops remains unchanged."

A senior State Department official was quoted as saying that the administration was looking at the request at the "highest levels."

The United Nations protection force in Bosnia is asking for 2,500 to 3,000 more troops to demilitarize Sarajevo to consolidate a ceasefire.

France, Britain and The Netherlands have all refused to dispatch more troops.

Russia has also dismissed a request for its paratroops to be transferred from Croatia to Bosnia.

France, Britain and The Netherlands are the major contributors of troops to Bosnia under the U.N., with 6,000, 2,500, and 2,400 troops respectively.

UN Chief Undecided on Air Strikes in Bosnia

OW1702030394 Beijing XINHUA in English 0158
GMT 17 Feb 94

[Text] Bonn, February 16 (XINHUA)—United Nations Secretary General Butrus Butrus-Ghali has said it has not been decided whether NATO or the U.N. should order to carry out the threatened air strikes against Bosnian Serb positions around Sarajevo when the NATO ultimatum expires.

In an interview published by the German weekly magazine "DIE WOCHE," the U.N. Chief said there will be no hesitation in implementing relevant Security Council resolutions by means of air strikes.

"If NATO grants me full powers, I can act immediately, because I already have the full power of the U.N.," he was quoted as saying.

When asked whether Germany should send troops to participate in proposed U.N. actions, the secretary general said that in strengthening the status of the U.N., Germany plays a very significant role in the world.

NATO issued a 10-day ultimatum ordering Bosnian Serbs to withdraw their heavy weapons from around Sarajevo by midnight GMT on Sunday [20 February], or face allied air strikes.

The ultimatum came after a mortar attack on a Sarajevo street market in early February killed 68 people and wounded nearly 200.

Over the past few days the international community has tried to avert an escalation of the Bosnian war in hopes that the NATO ultimatum will be able to end the Bosnian war.

In Washington, meanwhile, Clinton administration officials have reiterated that the Bosnian Serbs must turn over their artillery and mortars to the United Nations, move the weapons out of range of Sarajevo, or render them "inoperable."

Serb Parliament Leader Vows To Submit Weapons

OW1702050594 Beijing XINHUA in English 0422
GMT 17 Feb 94

[Text] Belgrade, February 16 (XINHUA)—The speaker of the Bosnian Serb parliament, Momcilo Krajisnik, said Wednesday [16 February] that the Serbian side will fully carry out the ceasefire agreement with the Muslims by submitting all their heavy weapons to UN control.

Speaking at the "Poeitika" television station, Krajisnik said, "We are committed to fully respect the Muslim-Serb agreement and its provisions calling for the control of heavy weaponry and demarcation lines."

"This concerns the basic interests of the Serbian people, and we cannot in any way raise any problem to the agreement," he said.

He warned that the danger of Serbian people being bombed "has never been greater than now." "We are very serious about the threat. We must be fully prepared for air strikes," he said.

He expressed the hope that by submitting the heavy weapons, "The will of the forces calling for the bombing of Serbian positions will be partially satisfied."

Meanwhile, former commander of the United Nations Protection Force (Unprofor) General Jean Cote said the Serbian side has promised to withdraw their heavy weapons from around Sarajevo before the NATO deadline of midnight GMT Sunday, or put them under UN control.

He said the Muslim side has promised to do the same.

United Nations commander Lieutenant General Michael Rose today warned that if the warring sides do not submit their weaponry before the NATO deadline, the Western alliance will definitely use force.

NATO also said today that it will not wait one minute more in executing the air strike plan after the deadline is reached.

Bosnian Serb Defense Minister Dusan Kovacevich said today that if NATO really carries out air strikes on Serbian positions, the Serbians will defend themselves by all means necessary.

He expressed the hope that a "wise party" will be heeded within NATO.

Reports said convoys of artillery could be seen moving along the highways outside Sarajevo toward destinations selected by the UN command.

Spokesman Bill Eikman said today that the UN is deploying forces in preparation for air strikes, and that 3,000 more UN troops are expected to arrive in Sarajevo soon.

However, Spain and France have reportedly refused to increase the number of their troops, and Russia has refused to allow its UN soldiers to move close to Sarajevo.

U.S. Urges Greece To Reconsider Actions Against Macedonia

OW1702100594 Beijing XINHUA in English 0920
GMT 17 Feb 94

[Text] Washington, February 16 (XINHUA)—The United States urged Greece today to reconsider its decision to close the port of Salonika to Macedonia and its consulate in the former Yugoslav republic's capital.

"Constructive relations between Greece and the Former Yugoslav Republic of Macedonia are certainly essential to regional stability," State Department spokeswoman Christine Shelly said.

Meanwhile, a senior administration official was quoted as saying that the U.S. ambassador to Athens would submit a diplomatic note to the Greek Foreign Ministry Thursday [17 February] and the Greek ambassador to the U.S. might also be summoned to the State Department.

The remarks came after Greek prime minister's announcement earlier that Athens would stop the flow of goods from the Salonika port to the land-locked Macedonia, except humanitarian supplies.

Washington recognized Macedonia on February 9, but using the name of "the Former Yugoslav Republic of Macedonia" in order not to anger either side.

"We would certainly hope that every effort could be made to try to avoid any particular actions which might aggravate the situation or lead to some kind of an increase in tensions," Shelly said.

Greece has been trying to block international recognition of Macedonia, saying the name "Macedonia" could be exploited for territorial claims against its province with the same name.

About 50,000 Greek citizens protested Tuesday against the U.S. recognition of the Balkan republic.

Macedonia, with a population of some two million Slavs and ethnic Albanians, declared its independence in 1991.

NPC Official Prepares for World Conference on Women

OW1602140294 Beijing XINHUA in English 1323 GMT 16 Feb 94

[Text] Beijing, February 16 (XINHUA)—Chen Muhua, vice-chairperson of the Standing Committee of the Chinese National People's Congress (NPC), met with Khunying Supatra Masdit, convener of the NGO (non-governmental organizations) Forum of the Fourth World Conference on Women, here this evening.

Chen, who is also president of the All-China Women's Federation (ACWF), said that China, as host, would try its best to prepare for the conference and ensure the smooth running of the meeting.

"Through our cooperation with Madame Masdit, we will make the 1995 NGO forum a complete success," Chen said.

Masdit expressed the belief that the Fourth World Conference on Women and the 1995 NGO forum would be successes.

During the meeting, she voiced her satisfaction with the site facilities China is to provide for the meeting.

As Thai minister of state, Masdit was active in women issues and other social activities. She arrived here on February 15 for a working visit as guest of the NGO forum committee of the China organizing committee for the Fourth World Conference on Women and the ACWF.

She visited the facilities for the forum this morning. In the afternoon, she held talks with Huang Qizao, ACWF vice-president and chairman of the NGO forum committee of China's organizing committee for the conference.

The Fourth World Conference on Women is to be held here from September 4 to 15, 1995. The NGO forum will be held here from August 30 to September 8 of the same year as an auxiliary meeting to the conference.

After today's meeting, Chen hosted a dinner in Masdit's honor.

United States & Canada

'News Analysis' Views U.S. Leader as 'Salesman in Chief'

OW1702104294 Beijing XINHUA in English 0906 GMT 17 Feb 94

["News analysis" by Wang Nan: "Corporate America Pins Hopes on 'Salesman-in-Chief'"]

[Text] Washington, February 16 (XINHUA)—When Saudi Arabia made clear its intention of replacing its current fleet of commercial airplanes, rushing to the offer were not just civil aircraft makers.

U.S. President Bill Clinton, followed by French President Francois Mitterrand and British Prime Minister John Major, were all around appealing to King Fahd for better chances for their own countries.

Behind the heavy lobbying was the hot rivalry for survival prominently between American aircraft makers, Boeing and McDonnell Douglas, and Airbus Industries, owned by four European countries.

Like his counterparts abroad, Clinton, though busy with health care reform and crime fighting at home, still has a new role to play: the salesman-in-chief for corporate America.

In announcing Saudi Arabia's purchase of American planes worth nearly six billion U.S. dollars here today, Clinton made good on his promise to strive for more and fair trade opportunities for U.S. firms.

"We worked hard on this, and we will continue to work hard at home and abroad to help our people thrive in the global economy," Clinton said at a hastily arranged White House ceremony this morning.

Flanked by Frank Shrontz, chairman of Boeing company, and John McDonnell, chairman of McDonnell Douglas Corp., the President said he was proud to be called the salesman-in-chief of corporate America.

According to Commerce Secretary Ron Brown today, who visited Saudi Arabia twice late last year to discuss potential plane sales to Riyadh, President Clinton called King Fahd on the phone in person last year.

"I have talked with the President many times on this issue," Brown said. "He was very familiar with everything that we were doing."

In selling 50 airplanes to Saudi Arabia, the U.S. is expected to keep nearly 200,000 high-paying, high-tech jobs in the two companies, and in United Technologies Inc. and General Electric Co., makers of aircraft engines.

Boeing and McDonnell Douglas, the first and third largest aircraft makers, are competing with the European Airbus consortium, the producer of one in every four of the world's commercial airplanes.

In the Seattle-based Boeing company, commercial jetliner deliveries dropped from 440 in 1991 to 300 last year, while its profit margin—the net income as a percentage of the total sales, was pared down from 5.3 percent to 4.6 percent.

The overall earning of the Long Beach, California-based McDonnell Douglas Corp. is up thanks to increasing demand for key military planes like C-17 transport aircraft and F-15 fighters. But as far as commercial aircraft were concerned, the firm had more orders canceled than won in 1993.

The two companies, which have a combined workforce of 150,000 are still cutting hands. The total employment in U.S. civil aircraft industry stands at some 250,000, down nearly one third from the peak level in 1991.

The plight, observers noted, explains how dependent corporate America has become on foreign sales in the wake of defense conversion and their own fat cutting.

A year ago, President Clinton, in his first major foreign trade policy speech, pledged that his government would be more than aggressive in assisting American companies abroad in order to make them "compete, not retreat."

In the national export strategy unveiled late last year, the administration promised to help boost the exports of key industries like auto, telecommunications, petroleum, banking and insurance services.

The Commerce Department, meanwhile, is listing 10 countries as key emerging markets for American products and preparing specifically targeted export strategies.

According to government officials, every billion dollars of exports means 20,000 new jobs at home. The new deal

with Saudi Arabia is 15 percent of the annual U.S. exports of commercial aircraft.

The administration is also eyeing the profitable phone markets in Saudi Arabia, which plans to put in 1.5 million more phone lines, willing to help AT&T against Siemens of Germany in winning four billion dollars worth contracts.

"If there are two or three or four American companies competing against foreign competitors, we're going to support all of them," Secretary Brown said. "We're not going to choose among or between American companies."

Article Views Shifts in U.S. Foreign Policy

HK1702043594 Beijing GUANGMING RIBAO in Chinese 7 Feb 94 p 7

["Comment on International Issues" by Xiao Feng (5135 2800): "The Transitional Characteristics of Key Points of U.S. Diplomatic Strategy"]

[Text] After the Seattle meeting, Clinton told reporters: "Western Europe will continue to be the center of our relations with our allies, but the United States remains most concerned about economic issues. The future of the United States is closely related to the Asia-Pacific region, which is recording the fastest economic growth in the world, so we must develop our relations with this region." U.S. Secretary of State Christopher also said: "In the 21st century, no other region will be more important than the Asia-Pacific region to the United States." All this shows that the United States has substantially adjusted its diplomatic policy, which has become noticeably inclined toward the Asia-Pacific region.

People made different assessments on the degree to which the United States would adjust its Asia-Pacific strategy. One opinion holds that the focus of U.S. diplomatic strategy had shifted to the Asia-Pacific region. The other opinion holds that the focus of U.S. diplomatic strategy as a whole remains in Europe, and it will only be shifted to the Asia-Pacific region in the future. It seems that both opinions are not completely correct. As the Cold War just ended recently, U.S. diplomatic strategy remains in a process of adjustment, and its strategic focus still bears the characteristics of being "transitional" and replaceable. One should not simply follow the conventional concept of "only one focus." After the dissolution of the Soviet Union, tremendous changes occurred in the world pattern, and U.S. diplomatic strategy is also facing comprehensive adjustments. In the process of adjustments, actual conditions and objective contradictions did not develop to a degree which required a comprehensive shift in focus. That is, the original focus could not be removed immediately, and the new focus could not be established in one single move. Instead, there would be a period of transition and replacement. In such a period, there would not be only "one focus"; instead, "two" different

"foci" would appear at the same time. This has been shown by the speeches of U.S. Government leaders. Shortly after the Seattle meeting, Christopher said that during the cold war, the United States had naturally focused its strategy on Europe, because it had to contain the Soviet Union. "Today, we are watching every region of the globe at the same time. Due to our economic and security needs, we have interests in Asia." When attending the NATO summit meeting in Brussels, Clinton also said explicitly: "The core of U.S. security remains in Europe." However, he added: "It is beyond doubt that Europe is not the only key point about which the United States cares." They made it clear that the United States would "watch every region at the same time" and that Europe would remain the "core of U.S. security" but "not the only key point." All this means that there is more than one key point in U.S. diplomatic strategy.

Europe remains the focus of U.S. diplomacy, because most of the world's developed countries are in Europe. In the present stage and for a fairly long time to come, Europe will continue to be the center of international struggle, and the United States must lay the focus of its diplomacy in Europe. Because many allies of the United States are European countries and the United States is trying to maintain its status as the leader of the West and the world, it will have to first maintain its leading position in Europe. Recently, extreme nationalist forces have risen in Russia, and this cannot but cause concern and apprehension to the United States. In addition, the United States is still trying to keep more than 100,000 troops in Europe after the end of the Cold War, and this shows that Europe remains the key point of U.S. security interests. However, because of the dissolution of the Soviet Union, the direct threat to U.S. security has disappeared, and the United States has also adjusted and scaled down its European strategy. For example, in order to lighten the European defense burden, the United States has tried to let the European nations bear as much of the defense role as possible. Therefore, although Europe remains the focus of U.S. strategy, it is not quite the same as in the Cold War period.

The United States not only has major security interests in Europe, but it also has major economic interests there. At present, the United States gains 60 percent of its profits earned overseas from Europe, over half of its overseas investments are in Europe, and 65 percent of foreign investment in the United States is from Europe. Although Europe is so important to U.S. economic interests, the United States has begun to shift the strategic "focus" of its "economic security" to the Asia-Pacific region, because U.S. investment in Asia has been increasing faster than in other regions, and its bilateral trade with Asia greatly exceeds that with Europe. According to statistics, between 1989 and 1992, U.S. direct investment in Asia (excluding Japan) increased by 56 percent, far higher than the 26-percent growth in overall U.S. investment overseas in this period.

According to a survey conducted by the U.S. Department of Commerce, the rate of return from U.S. investment in Asia between 1989 and 1991 exceeded 23 percent, which was almost twice as much as the average rate of investment returns in the 24 major industrial countries in the world in the same period. The annual volume of bilateral trade between the United States and Asia exceeds \$360 billion, which is more than four times that of 15 years ago and nearly 40 percent higher than the volume of bilateral trade between the United States and Europe. Although it will still take time for U.S. economic interests in Asia to exceed those in Europe in all fields, the development tendency as a whole has already shown that the focus of U.S. economic interests is being shifted to the Asia-Pacific region.

In short, it is still too early to say that the focus of U.S. diplomatic strategy as a whole has been completely shifted to the Asia-Pacific region, and it is also unrealistic to say that the focus of U.S. diplomatic strategy as a whole remains in Europe. In the post-Cold War transitional period and at the turn of the century, adjustments in U.S. diplomatic strategy will bear a transitional nature. At present and for a certain period to come, there cannot be just "one focus"; instead, there will be two different "key points." Concretely speaking, the focus of political and military "security interests" in U.S. diplomatic strategy remain in Europe for now, but the focus of its economic interests has been shifted to the Asia-Pacific region. Because the United States places economic policy at the center of its diplomatic strategy, the development tendency shows that the Asia-Pacific region will hold an increasingly important position in U.S. diplomatic strategy.

Beijing To Import Apples From Washington With Conditions

*OW1602154794 Beijing XINHUA in English 1456
GMT 16 Feb 94*

[Text] Beijing, February 16 (XINHUA)—Apples from Washington state, in the north-west of the U.S.A., are to be allowed into China—with provisos that they are free of the Mediterranean fruit fly pest.

China's National General Institute of Animal and Plant Quarantine has recently agreed to the apple imports, provided they meet a number of conditions.

It has signed an agreement with its counterpart in the United States on the hygiene conditions of the apples of Washington state to be exported to China, and the conditions of the orchards.

Under the agreement, the apples to be exported to China must be produced in the area designated by the Chinese National Animal and Plant Quarantine Institute. That area must be free of the Mediterranean fruit fly. The fruit must be packed, frozen and stored by designated factories after being strictly quarantined by the U.S. quarantine institutes.

The fruit will have to meet the quarantine requirements of China and must enter the country through designated ports. Only after being quarantined by the Chinese quarantine institutes can the fruit be put on sale in China.

Mediterranean fruit fly is destructive to fruit. So far, China is free from the pest. But it has been found in some parts of the United States, though not in Washington state.

In recent years, the demands of the Chinese market for foreign fruit have kept growing.

Hainan Governor Ruan Chongwu Visits Honolulu
HK1602144694 Haikou Hainan People's Radio Network in Mandarin 1100 GMT 15 Feb 94

[Text] Invited by Hawaiian Governor John Waihee, Hainan Provincial Governor Ruan Chongwu arrived in Honolulu City on 10 February at 0930 Hawaii local time. Upon his arrival, Ruan Chongwu was warmly welcomed by Hawaiian officials. According to local tradition, he wore a colorful lei.

On the afternoon of the same day, Ruan Chongwu and his entourage went to the Honolulu Government Palace to visit city officials. They met the city house speaker and listened to an official's briefing on urban construction, traffic development, garbage disposal, and other issues.

At noon on 12 February, Ruan Chongwu met Hawaiian Governor Waihee. Ruan Chongwu briefed him on Hainan's achievements, reform, and opening up in the past five years since the establishment of the province. Mr. Waihee showed a deep interest in Ruan Chongwu's briefing and said that he would visit Hainan as soon as possible. Both sides indicated the need to strengthen exchange and cooperation. After their meeting, Ruan Chongwu and his entourage attended a banquet provided by Mr. Waihee in their honor. In the afternoon, Ruan Chongwu visited a medical center, Hawaii University, and the Eastern and Western Cultural and Technological Exchange Center. In the evening, they attended a banquet held by the local Overseas Chinese Association.

U.S. Newspaper Reveals Export of Prison Goods
OW1602154894 Beijing XINHUA in English 1425 GMT 16 Feb 94

[Text] Beijing, February 16 (XINHUA)—The United States is actually stepping up efforts to export its own prison-made goods, the CHRISTIAN SCIENCE MONITOR newspaper reports.

The newspaper, in an article published on February 9, quoted American prison rights activists as criticizing the U.S. policy as "hypocritical."

The U.S. newspaper quoted Brad Haga, marketing director for Oregon Prison Industries, the state agency

overseeing the manufacture of prison goods, as revealing that Oregon will export an estimated 3 million U.S. dollars worth of prison-made jeans and shirts this year to Japan, Italy and other countries.

According to the article, California prisons export less prison-made clothing than Oregon, but have so far sent test orders to Japan and Malaysia.

Corey Weinstein, a board member of the California Prisoners Rights Union, was also quoted as saying that the U.S. Government typically "complains of human-rights violations in other countries but cares not one bit about human-rights violations in the United States".

Haga admitted that the two different policies the U.S. Government is pursuing on prison exports "may smack of old-fashioned imperialism."

Weinstein stressed that as long as California exports prison-made goods, the United States "has no basis" for criticizing other countries involved in the same practice.

Central Eurasia

Ukrainian Envoy to China Views Bilateral Relations

WS0902170094 Kiev KIEVSKIYE VEDOMOSTI in Russian 3 Feb 94 p 3

[Interview with Ukrainian Ambassador to China Anatoliy Plyushko by Nataliya Myasnikova in Beijing; date not given: "Wind From the East... What Will It Bring to Ukraine?"]

[Excerpt] [Myasnikova] What has been achieved since bilateral relations were established two years ago?

[Plyushko] China was one of the first countries to recognize Ukrainian independence, so we are now celebrating this modest anniversary. Although two years is a but a brief moment from the historical viewpoint, this has been a time of strenuous work in terms of bilateral relations. A great many things have been accomplished. During nine months of 1993, since the time I presented my credentials, 10 official Ukrainian delegations have visited China. Of course, bilateral relations are not defined by the number of delegations, but this still indicates their intensity. Every visit dealt with specific issues. About 20 documents have been signed during those two years, which have established a legal treaty basis for our bilateral relations in various fields.

[Myasnikova] Anatoliy Dmytrevych, how would you describe relations between Ukraine, which is moving toward nonnuclear status, and China, a nuclear state?

[Plyushko] I have held numerous meetings and conversations with representatives of the Ministry of Foreign Affairs and other leading Chinese officials, during which we discussed China's attitude toward the Ukrainian Supreme Council's ratification of the START I treaty

and the Lisbon Protocol. I will briefly outline China's stance on these issues. As early as 1964, when China started to acquire nuclear weapons, it pledged that it would use them neither first nor against any nonnuclear state or region. When we requested that the Chinese side grant us security guarantees if Ukraine assumed nonnuclear status, the PRC Government reaffirmed its position. At the same time, the Chinese side expressed understanding for Ukraine's standpoint on nuclear disarmament, for which we are very grateful. We would welcome China's participation, along with other nuclear states, in a multilateral treaty granting national security guarantees for Ukraine.

[Myasnikova] Nevertheless, China continues to test nuclear weapons...

[Plyushko] China points out that other nuclear states have conducted more nuclear tests, which are essential for improving nuclear weapons and maintaining them at a proper level. Fundamentally, China wants such weapons to be completely prohibited, which will eliminate the problem of nuclear tests. This has been stated by Chinese officials.

[Myasnikova] What is Ukraine's attitude toward Taiwan?

[Plyushko] For China, this is a very delicate issue when it comes to relations with any country. The position of the PRC is clear, adamant, and consistent: There is only one China, and Taiwan is an integral part of it. While building relations with other countries, China consistently tries to get its partners to recognize this standpoint. Ukraine also recognizes it. We pledged not to establish any form of official relations with Taiwan.

[Myasnikova] What about unofficial relations?

[Plyushko] Such relations are possible in the sphere of economic cooperation. It is no secret that Taiwan has a robust economic and financial potential, as well as huge foreign currency reserves. Many countries are therefore interested in developing trade with it. The Chinese Government understands this and allows certain forms of cooperation, however only on a nongovernmental level—at the level of companies and businesses.

[Myasnikova] Ukraine's independence has led to profound economic problems. Even though our government needs other countries' help, it has been refusing Chinese aid for more than a year. Why is the Joint Intergovernment Commission for Trade and Economic Cooperation not operating?

[Plyushko] It is always hard to establish a new state even under the most ideal conditions, both foreign and domestic. Our situation is even further complicated by inconsistency in implementing the economic reform program. A certain role was played by the breaking off of old economic ties, which undermined our economy. There are also objective reasons—the lack of know-how in trading with other countries and offering the world what we have. Today, at the current stage, we cannot

manage without foreign help. We need equal and mutually beneficial cooperation with other countries. We have many products we could offer to the world, and even developed countries are interested in those products, not to mention developing ones. In this regard, the prospects for our economic cooperation with China are very, very great.

Positive changes have already taken place over the last year. Whereas trade between Ukraine and China totaled \$220 million in 1992, this figure doubled in 1993. Although I do not have the final figure for trade between our countries in 1993, according to specialists, it should have reached \$500 million. This is encouraging, but taking into account the capabilities of our countries, this is not a great deal.

During President Kravchuk's visit to China in October and November 1992, a number of documents were signed, including some on trade and economic relations, in particular an agreement establishing the Joint Intergovernment Commission for Trade and Economic Cooperation. This commission should become a coordinating and controlling body that will elevate our trade and economic relations to a new level.

The commission was difficult to establish, given that this was a time of constant changes in the Ukrainian Cabinet of Ministers and the Ministry of External Economic Relations. Finally, the members of the Ukrainian section of the commission, headed by Deputy Prime Minister Valeriy Shmarov, were approved. Then a problem appeared on the Chinese side, which had a different attitude toward the establishment of the commission, considering it to be a working body that should be headed by people not below the level of minister of external economic relations. Negotiations on this issue are currently continuing, and there is hope that the first meeting of the commission will be held in January or February.

[Myasnikova] What will change when it begins to operate?

[Plyushko] The commission is to concentrate on trade and economic activities. Thus far, we do not have a mechanism for resolving such issues at the state level. Cooperation with China may become very beneficial for Ukraine. This basically concerns the PRC's experience in conducting economic reforms, which were introduced in 1978 and shook the whole world. China's GDP grows on average at a stable rate of 8-9 percent per year. In 1992 it increased 12.8 percent, and in 1993—13 percent, according to preliminary assessments.

China's latest economic successes cannot but draw the attention of the international community, and we can see today that Western countries are modifying their trade and economic policies, relations, and priorities. For its part, Ukraine possesses a sound industrial potential. We have certain world-standard technologies that China and other countries need. Few countries have experience in such fields as overall oil and gas pipeline

planning, superhard materials, monocrystals, or welding equipment. However, we do not know much about the Chinese market, and we have conducted virtually no research whatsoever on Chinese needs or import requirements. One of the tasks of our embassy is to fill this gap. Moreover, we should help businessmen find beneficial partners. For the time being, it is hard to do this. Our numbers are limited (seven diplomats including the ambassador), and the important area of trade and economic relations is handled by only two officials who are physically unable to cope with the volume of work. By comparison, I can say that the trade mission attached to the Russian Embassy in Beijing employs about 100 professionals who help Russian enterprises establish cooperation with China.

[Myasnikova] Will Ukraine establish a trade mission?

[Plyushko] So far, it has been decided to open Ukrainian trade missions only in certain countries, first of all, in Europe. However, such a decision should also be adopted regarding China. We already have a trade surplus in relations with this country: In 1992, exports amounted to 60.5 percent, and imports to 39.5 percent.

[Myasnikova] What is the situation with the 50-million-yuan interest-free commodity credit that has not been used by Ukraine for a year?

[Plyushko] Indeed, it has been a year since President Kravchuk signed the agreement for China to grant credit to Ukraine. Of course, it is bewildering why we do not take what they are offering. However, there are certain problems. China offers us goods in which we are not particularly interested. The point is to choose goods that Ukraine really needs. The conditions are tough. This does not mean that they give us 50 million yuans and we can buy everything we want from other countries. The conditions are that the commodities must be bought in China. Realizing this obstacle, the Chinese side proposed slightly changing the form of the credit. During the September 1993 visit to Kiev by Vice Premier Qian Qichen, the Chinese side proposed allocating this sum for the construction or reconstruction of one or several Ukrainian enterprises, evaluating the equipment requirements, and purchasing it in China with the loan. This option is currently being evaluated. [passage omitted]

President Yeltsin Urges Bosnian Settlement Through Talks

OW1502153494 Beijing XINHUA in English 1519
GMT 15 Feb 94

[Text] Moscow, February 15 (XINHUA)—Russian President Boris Yeltsin stressed today that the Bosnian crisis should be resolved through negotiations, but insisted that Russia would take an active role in helping end the war in former Yugoslavia.

Yeltsin explained: "Some people are trying to solve the problems of Bosnia without Russia. We shall not allow this to happen."

In an interview with reporters after he and visiting British Prime Minister John Major signed a joint statement on reciprocal non-targeting of strategic missiles, the Russian president also stressed the need for the heavy guns deployed around Sarajevo, the capital of Bosnia-Herzegovina, to be handed over to U.N. forces.

Yeltsin told reporters that the Bosnian problem was discussed in detail during his talks this morning with Major.

"Our stands are identical on the main point; that it is necessary for the heavy guns to be handed over to U.N. forces to bring an end to the shelling.

"Moreover," Yeltsin said, "both sides have confirmed during the talks that the Bosnian problem should be resolved primarily by peaceful means, through negotiations."

"This will allow us to put an end to the war in former Yugoslavia," he said.

He reminded reporters that the Bosnian problem was now being discussed in the U.N. Security Council.

"This body must issue a mandate to the blue helmets (U.N. peacekeepers) to accept the guns removed from positions around Sarajevo. This is important," he said.

However, the president added that he believed that the strategic positions of the hostile parties in Bosnia-Herzegovina could be bombed only if U.N. forces were attacked and called for help.

Meanwhile, the joint statement signed by Yeltsin and Major immediately after their talks in the Kremlin stipulates that the two countries would not order their strategic nuclear missiles to be targeted at each other. The agreement came into effect not later than May 30, 1994.

Northeast Asia

TA KUNG PAO Welcomes DPRK Agreement on Inspections

HK1702092694 Hong Kong TA KUNG PAO in Chinese
17 Feb 94 p 3

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "DPRK Is Willing To Accept International Nuclear Inspection"]

[Text] It Helps Ease the Tense Situation on the Korean Peninsula

The International Atomic Agency [IAA] and the DPRK reached an agreement on nuclear inspections on 15 February in Vienna. According to the IAA spokesman,

the DPRK informed the IAA that it is willing to let the IAA inspect its nuclear installations. If there is no abrupt change or turnaround, it will ease the situation on the Korean peninsula and will have a good impact on the DPRK's economic development.

The DPRK made public its withdrawal from the Nuclear Nonproliferation Treaty last March. Suddenly, the international community put more stake in the widely circulating rumor that the DPRK was secretly and intensively developing nuclear weapons. In particular, the anxiety of the ROK, the United States, and Japan was expressed repeatedly by their officials and their media. Not long ago, the United States said that economic sanctions would be applied against Pyongyang and that U.S. "Patriot" missiles would be deployed in the ROK. Japan also suggested indirectly that it had the capability to rapidly develop nuclear bombs. The ROK was particularly on alert.

For a long time, the DPRK has seldom made contact with the outside world, and the international community does not have an appropriate and normal understanding of its political, economic, and military situations. Moreover, the annual U.S.-ROK joint military exercises cause the authorities in Pyongyang to lose their trust in the outside world and make them more nervous. Not long ago, there was a rumor that the DPRK had deployed many more troops in areas north of the 38th parallel. The DPRK has strong military strength, but its domestic economic situation is extremely difficult. In particular, with the disintegration of the Soviet Union, regular economic aid has been cut off, gasoline and energy are in short supply, foreign exchange has been exhausted, and its people are living in privation. Moreover, President Kim Il-song is getting old, and it is still not known whether his son Kim Chong-il will be able to succeed him. The outside world has expressed different views on the question of whether Kim Chong-il can assume the great task of leading the DPRK, but most are pessimistic.

China Is Concerned About the Situation on the Korean Peninsula

The DPRK should, however, pay closest attention to its economic problems. The DPRK has still failed to break away from its impoverished state. Naturally, China, as a close neighbor of the DPRK, is very concerned about the situation. From the Korean war to the post-war construction period, China paid a high price for selflessly aiding the DPRK. However, with the changes in the global situation, particularly after China started implementing the policy of opening up to the outside world in the 1980's, tremendous new changes have taken place in China's economy. China very much hopes that the DPRK can draw on its experience and adopt flexible domestic and foreign policies to attract foreign investment, to develop the domestic economy, and to ease relations with the ROK first before discussing economic exchanges between the North and the South.

To our disappointment, however, the two Koreas have not been able to get beyond their feelings of mutual distrust, even though they have repeatedly held contacts with one other. Consequently, financial groups in the south still cannot invest in the north. The two sides of the strait are engaged in massive economic dealings with one another, which brings many advantages to compatriots on both sides. Hence, the DPRK should draw on China's example to adopt its own flexible policies.

The Improvement of U.S.-Vietnamese Relations Does Have an Impact

Pyongyang's withdrawal from the Nuclear Nonproliferation Treaty has damaged its international image. If it really develops nuclear weapons, it will not have the national strength to bear the burden of the consequences, which may even slow down economic development. Today, the DPRK has come to the stage in which it must change course and strike out on a new path.

Ronald Dellums, chairman of the U.S. House of Representatives Armed Services Committee, will visit Pyongyang in the next few days to try to break the deadlock over U.S.-DPRK relations. This kind of high-level direct contact helps promote mutual understanding. The fact that agreement has been reached on the issue of nuclear inspections will be more advantageous to improving bilateral relations between the United States and the DPRK. It was reported that Kim Il-song had asked Billy Graham, a U.S. religious figure who had earlier visited Pyongyang, to convey to Clinton his suggestion of holding a U.S.-DPRK summit. Viewed from this angle, it seems that Pyongyang is ready to change its U.S. policy.

The United States and Vietnam fought a bloody war for a decade, but their relations have greatly improved recently, and this should help awaken Pyongyang.

Beijing's Chen Xitong Meets With Japanese Entrepreneur

SK1702095194 Beijing BEIJING RIBAO in Chinese 25 Jan 94 p 3

[Text] Chen Xitong, secretary of the Beijing Municipal party committee and honorary president of the Beijing Municipal People's Association for Friendship with Foreign Countries, met with Mr. Ninagawa Chikayoshi, president of the Beijing-Matsushita Color Kinescope Company Limited, who had just left his post, and his wife on the evening of 24 January.

Chen Xitong said: Beijing's enterprise signed a cooperation contract with the Matsushita Company eight or nine years ago. Now the Beijing-Matsushita Color Kinescope Company Limited has built three production lines and put its new product "Huawang" on the market. This shows that our cooperation has blossomed and has borne fruit.

He said: Mr. Matsushita Konosuke died several months before the inauguration of the Beijing-Matsushita Company, which was very regrettable. However, he had great foresight to select such a man as Mr. Ninagawa Chikayoshi to carry on his unfulfilled wish. Chinese people have a good tradition of remembering all the friends who have helped us. When China is conducting reform and opening up today, we particularly need the cooperation of the friends in the world and are also very grateful to them.

Mr. Ninagawa Chikayoshi expressed thanks for his appraisal. He said: This project in Beijing is merely the first step of the ideals of Mr. Matsushita Konosuke and it must succeed. Therefore, I have exerted my utmost efforts during my six-year stay in Beijing. The success should be attributed to the comprehensive support of Beijing Municipality and the selfless workers of the entire company.

After the meeting, Chen Xitong gave a wall carpet bearing the drawing of the Great Wall and an album to Mr. Ninagawa Chikayoshi and his wife.

Li Qiyang, mayor of Beijing, also met with Mr. Ninagawa Chikayoshi and his wife recently. Li Qiyang said: Today's development of the Beijing-Matsushita Color Kinescope Company Limited is the result of the concerted efforts of both sides. You are a very competent entrepreneur and we thank you for your contributions. After returning to your country, it is hoped that you will continue to publicize the friendly causes developed by China and Japan and draw more Japanese friends to Beijing to make investments and build plants. You and your wife are also welcome to visit Beijing anytime. Li Qiyang also presented a certificate of honor to Mr. Ninagawa Chikayoshi. Municipal leaders Tie Ying, Lu Yucheng, Li Runwu, and Zhang Peng were present at the meetings.

Near East & South Asia

Bangladesh Official Previews Qian Qichen Visit
OW1702113494 Beijing XINHUA in English 1055
GMT 17 Feb 94

[Text] Dhaka, February 17 (XINHUA)—The visit of Qian Qichen, Chinese vice premier and foreign minister, will help further strengthen the Bangladesh-China friendship, Foreign Secretary M.R. Osmani told newsmen here today.

Qian will pay an official visit to Bangladesh from February 24 to 27 at the invitation of Foreign Minister A.S.M. Mustafizur Rahman.

The two foreign ministers will have official talks on further development of bilateral relations and promotion of mutual cooperations between two countries, Osmani said.

They will also exchange views on bilateral and international issues, he added.

Trade and economic cooperation between the two countries is the main issue to be discussed during the visit, he said.

The Chinese foreign minister will also call on President Abdur Rahman Biswar and Prime Minister Begum Khaloda Zia.

Israel, China 'Set To Renew High-Level Diplomatic Contact'

HK1602131494 Hong Kong EASTERN EXPRESS in English 16 Feb 94 p 6

[By Bruce Gilley]

[Text] Israel and China are set to renew high-level diplomatic contact after a three-month hiatus which followed the death of a Chinese politician in a mysterious helicopter crash near the Dead Sea.

The Communist Party General-Secretary, Jiang Zemin, and another member of the politburo are likely to visit Israel in the first half of the year. China's ministers of power industry, water resources and construction are also prospective visitors, according to Israeli diplomatic sources.

Israel's Minister of Trade and Industry and the Minister of Finance will visit China during the same period.

None of the visits will be officially announced until later this month when the Israeli Ministry of Transport releases its report on the death of the Shenyang mayor, Wu Disheng, in a helicopter crash last November.

High-level contacts between Beijing and Jerusalem were unofficially suspended after Wu's death. The helicopter crashed after a mysterious explosion shortly after take-off.

The Ministry of Transport report is likely to attribute the crash to a "grave technical fault", the source said.

Diplomats on both sides say there is no suspicion of sabotage, although Shenyang took the precaution of hiring a lawyer to watch its interests as the investigation proceeded.

Beijing signalled its desire to put the matter to rest last month when it appointed the former vice-mayor of Shenyang, Zhang Rongmao, as acting mayor.

"We had a good thing going until the accident," one Israeli diplomat said.

"We're trying to rebuild the relationship in good taste, but it will only be appropriate after the report is released."

Details about the visit by Wu and other Shenyang officials remain unclear, but sources in Shenyang said Zhang Li, the head of the city's economic development

zone, who was also killed in the crash, was there to discuss an "Israel technology centre" planned for the zone.

Shenyang is home to one of the People's Liberation Army's largest firms, Shanyou Industrial Company, which already has joint technology projects with South Korea and countries in the former USSR.

An Israeli diplomat said: "Our ideal project is to bring Israeli technology to China. Shenyang was a good example of where this could have happened."

Burgeoning military links between Beijing and Tel Aviv in such fields as fighter aircraft, air-to-air missiles, tanks and airborne radar were revealed by the United States Central Intelligence Agency last October.

"Building on a long history of close defence industrial relations ... China and Israel appear to be moving towards formalising and broadening their military technical cooperation," the CIA said.

It pointed to recently signed technology exchange deals covering electronics and space as evidence of the growing trend to formalise the relationship. The CIA feared this could lead to a transfer of Western technology to China in violation of Western bilateral pacts with Israel.

The Israeli Prime Minister, Yitzhak Rabin, who was in Beijing when the CIA report was made public, said the estimate that sales might amount to "several billions of dollars" was grossly exaggerated.

In 1992, he said, the figure was about HK\$470m [Hong Kong dollars].

Qian Qichen Meets With Pakistan's Bhutto Envoy

BK1502132894 Islamabad Radio Pakistan Overseas Service in English 0800 GMT 15 Feb 94

[Text] Prime Minister Ms. Benazir Bhutto's special envoy, Professor N.D. Khan, has held talks in Beijing with the Chinese foreign minister, Mr. Qian Qichen, and other leaders on human rights abuses by Indian troops in occupied Kashmir. During the talks, he delivered a letter from the prime minister for President Jiang Zemin.

Later, talking to APP [Associated Press of Pakistan] before his departure for Tehran, the special envoy said that the letter was very specific on human rights violations and atrocities by the Indian troops in occupied Kashmir, particularly the molestation of women. He said the Kashmir issue was among the top priorities of the present government and is the arch-pivot of Pakistan's foreign policy. He said that Pakistan intended to move a resolution in the third week of this month in Human Rights Commission in Geneva on the situation in occupied Kashmir. It will express concern on the happenings there. He described his talks with Chinese leaders as fruitful and constructive.

XINHUA Reports Palestinian Leadership Meets in Tunis

OW1502192994 Beijing XINHUA in English 1852 GMT 15 Feb 94

[Text] Tunis, February 15 (XINHUA)—Palestinian President Yasir 'Arafat has chaired a series of meetings of the Central Committee of Fatah movement and the PLO Executive Committee during the last few days, reliable Palestinian sources said here today.

The meetings discussed the Cairo deal and the latest developments of the Palestinian-Israeli peace talks.

Arafat and Israeli Foreign Minister Shimon Peres signed a partial agreement in Cairo last Wednesday [6 February], which deals with the implementation of the September 13 PLO-Israeli peace accord.

The sources told XINHUA here today that the Palestine Liberation Organization (PLO) Executive Committee held a meeting last Sunday, with PLO Chairman 'Arafat presiding. A number of committee members were absent. 'Arafat explained the Cairo deal at the meeting.

Abu-'Alaa' [Ahmad Quray], head of the Economic Department of the PLO, made a speech on the economic talks between the PLO and Israel, pointing out obstacles in these talks.

No agreement was reached on finance, trade or customs so far, he said.

As for the meetings of the Central Committee of Fatah movement—PLO's major group, the sources said that differences on the Cairo deal are still standing, pointing out that some members called for amendment to some articles.

These amendments, the sources say, must be compatible with the rights and aspirations of the Palestinian people.

The Palestinian sources stressed that President 'Arafat convinced his aides that what was signed in Cairo was a draft agreement, but not a final agreement.

The draft is amendable and negotiable and it prepares for the signing of a final agreement on the implementation of Israel's pullout from Gaza and Jericho, 'Arafat said.

West Europe

Article Views Challenges to British Diplomacy

HK1402142094 Beijing RENMIN RIBAO in Chinese 4 Feb 94 p 7

[Article by Chen Tean (7115 3676 1344): "The 'Three-Circle Diplomacy' of the Major Government is Facing a Challenge"—A Change in Britain's Role in World Affairs"]

[Text] What is Britain's position in the drastically changing world of today and what role is Britain playing? This has been a topic of discussion among the British people recently. Although the Britain of today cannot be compared with that of the past, the Major government is still doing its utmost to continue pursuing "three-circle diplomacy," that is, conducting activities within the three links of developing the Western European Union, maintaining the special relationship between Britain and the United States, and preserving the British Commonwealth, as proposed by Winston Churchill and first put into practice by Foreign Secretary Ernest Bevin. If we say that Churchill's pursuit of "three-circle diplomacy" was effected through a series of measures, we can also see that the times and situations have changed, and the Major government seems unable to pursue "three-circle diplomacy" as it wishes and finds it difficult to go any further.

In developing its relationship with Europe, Britain seems to be hesitating and marking time. Although Prime Minister Major repeatedly claimed to place Britain in the "heart of Europe," it has always been regarded by the European Union as a half-hearted member. Since the end of World War II, Britain has taken a position toward European union which is different from most countries on the European Continent. With regard to the goals and orientation of building Europe, the mainstream faction of most governments of the EC members—including France, Germany, and so on—represented by Jean Monnet and Delors, has taken the building of an integrated European economic and political entity or a supranational European union as a basic goal, since the early years of European unification movement until the subsequent effort to build an integrated European community. Britain did not favor this proposition, however, and still has reservations on the goal of developing the EC into a union as proposed by the Maastricht Treaty. With regard to the presence of the United States in Europe, it maintains that the United States should remain in Europe to balance the strength there, but France and Germany hold that "Europe belongs to the Europeans." The United States supported the suggestion that Germany be admitted as an additional permanent member of the UN Security Council early last year, but Britain and France have reservations on this issue. With regard to the war flames that are spreading in the former Yugoslav regions, Britain, France, and Germany all have considerations of their own.

The "special relationship between Britain and the United States," which has been maintained for many years, is not so "special" now. Before the gunsmoke of World War II had lifted, former British Prime Minister Churchill proposed establishing a "special British-U.S. relationship" in his speech in Fulton in the United States, hoping to use the United States to prop up its appearance of "might." During the Cold War period, the actions of the Western alliance were generally determined by unanimous agreement between the two countries. However, the two special allies have harbored ill

feelings toward one another for some time recently. Prior to Christmas in 1992, President-elect Clinton made an excuse to avoid meeting the British prime minister who was visiting the United States at that time, which cast a dark shadow over British-U.S. relations. In February of the next year when Major once again visited the United States, he failed to repair the "special relationship," and differences between the two sides became even more prominent—they stuck to their own arguments on the issue of trade talks between Europe and the United States, had acute differences in their views on airdropping materials in Bosnia-Herzegovina, and engaged in a battle of words on the issue of Northern Ireland. The United States denounced British actions in Northern Ireland as "violations of human rights," and Britain criticized the U.S. intention to send a peace corps to inspect North Ireland as "interference in its internal affairs." It appears that people's views on the "special relationship" have changed under the situation of increasing friction and conflicts between the two sides economically and politically, although both consider it necessary to maintain such a "special relationship."

Britain has made a comprehensive effort to maintain the increasingly weak British Commonwealth. With each member of the Commonwealth currently going its own way, however, the decisions made by the conference are not binding on the member countries. When the conference of the British Commonwealth was held in Cyprus last year, the newspapers in the host country stated that the "themes of the conference are irrelevant and pointless," and that the British Commonwealth was "no longer a major force in international politics." In Australia, an irresistible wave of republican sentiment is surging forward, and Australian Prime Minister Keating has repeatedly proposed that Australia should appear in the international arena as an "image of independence," should become a republic before the year 2000, and should change its national flag, which is similar in design to the British ensign, in due time.

There are profound root causes for the challenges that the British "three-circle diplomacy" is facing.

Britain was once very glorious, but this glory has become history. Economic statistics show that British industry has been in an accelerated decline, and its proportion in international manufacturing production, trade, and GNP have fallen sharply. Over the past few years, the country has been bogged down in a serious economic recession and so far has lacked the strength to recover. Just as the British magazine the *ECONOMIST* has stated, "Britain's real significance has been on the wane to a considerable extent." Economic reality has made people realize that "its position of strength of the past is gone forever."

The radical changes in the Soviet Union and Eastern Europe, the reunification of Germany, and the conclusion of the Cold War have fundamentally changed the international environment which Britain has relied upon to maneuver and carry out its foreign policies. First, the

end of the Cold War noticeably weakened the British position and influence. Being a victorious nation in World War II and the second largest economic power in the capitalist world in early post-war years, and backed up by the "special British-U.S. relationship," Britain played an important role in the formation and development of the international political and economic order after World War II. With the lapse of the Cold War era, however, the importance of the military factor in the relations of the Western alliance have declined, while that of economic factors has risen remarkably. Thus, its political superiority—based on its military capability and its role in the defense of the West—has been deteriorating imperceptibly. Moreover, united Germany has grown to be the number one economic power in Europe and occupies an increasingly important position of leadership in the EC with every passing day. As a result, in foreign affairs the United States is leaning more toward Germany as the days go by. Second, U.S. foreign policy specialists maintain that the "future of the world lies in Asia." Asia's position in the U.S. global strategy has risen somewhat, and the relationship between the United States and the Western European countries, including Britain, is facing new readjustments.

Although Britain's national strength is far from what it was in the past, the British Government has not redefined its position and policy goals according to the new international pattern. Conversely, it has continued to pursue Churchill's "three-circle diplomacy." This is a tough problem for British diplomacy. Therefore, the British press maintains that Britain's foreign policy goals are in urgent need of further readjustment. A senior British Government official also said a short time ago that Britain will lose its international influence—which it still possesses—unless it reevaluates its foreign policy goals and refrains from sticking its nose in everybody's business.

XINHUA Interviews French Senate President
OW1702051194 Beijing XINHUA in English 0332
GMT 17 Feb 94

[Text] Paris, February 16 (XINHUA)—French Senate president Rene Monory today expressed the hope that Paris and Beijing will further develop their equal and mutually beneficial cooperation in politics, economy, science, and culture.

In an interview with XINHUA, Monory, who will pay an official visit to China on February 22-27, said that his trip will aim to "further improve our relations, especially economic, financial, and political, which have now entered an active and positive phase."

Monory will be the first French Senate president to visit China since the two countries established diplomatic ties 30 years ago.

Noting that he had recently met with Prime Minister Edouard Balladur on Franco-Chinese relations, Monory stressed that "the French government has declared that there will be no more arms sales to Taiwan," and that this expresses "the government's intention to develop friendly economic and political ties with China."

He added that he fully supports the government's position.

Monory said that France, as a major European country, should play an active role in promoting political and economic ties between China and Western Europe.

Monory said he believes there is great potential for Franco-Chinese cooperation, and China's rapid economic growth is also in the interest of Europe.

He said he will attempt to give medium and small enterprises in France a full picture of China's opening policy and economic situations after his return in order to expand bilateral cooperation beyond large enterprises and big projects.

Monory visited China in 1988 when he was the French minister of national education.

Political & Social

Dictionary on Deng's Thought, Theory Completed
OW1702093994 Shanghai WEN HUI BAO in Chinese
8 Feb 94 p 1

[Unattributed report: "Compilation of *The Great Dictionary of Deng Xiaoping's Thought and Theory Completed*; Written by Authoritative Figures With a Comprehensive, Systematic Introduction to Deng Xiaoping's Thought, Theory, Others"]

[Text] The Shanghai Dictionary Publishing House has now fully completed the compilation of *The Great Dictionary of Deng Xiaoping's Thought and Theory*.

The dictionary—a comprehensive collection of entries of terms, terminologies, inferences, doctrines, writings, documents, and meetings on Deng Xiaoping's thought and theory—is an effective tool for studying, researching, and propagating his thought and theory.

While primarily reflecting Deng Xiaoping's theory on building socialism with Chinese characteristics, the dictionary also fully covers his previous theoretical contributions.

Entries in the dictionary are classified into major entries and general entries. The dozen or so major entries contributed by such authoritative figures as Qian Qichen, Zhang Siqing, Zheng Wenhan, Gong Yuzhi [7895 5148 0037], Wu Jinglian, and edited by Chao Feng [1560 1496] separately and briefly introduce Deng Xiaoping's thought and theory as well as his contributions in other fields such as philosophy, politics, law, economics, military affairs, diplomacy, education, science and technology, literature and art, and party building. In carrying deep theoretical significance and academic values, the dictionary reflects the complete system of Deng Xiaoping's thought and theory.

Article Views Deng's Theory on Press, Publication
HK1602144294 Beijing RENMIN RIBAO in Chinese
3 Feb 94 p 5

[Article by Yu Youxian (0060 0645 0341): "Adhering to the Theory of 'Grasping With Both Hands' To Promote the Healthy Development of the Press and Publication Sector"]

[Text] I.

The necessity of adhering to the principle of grasping with both hands in the course of socialist modernization is an important part of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics.

In Volume 3 of the *Selected Works of Deng Xiaoping*, there are many important expositions on "grasping with both hands and grasping firmly with both hands." For example: "We are building two civilizations. One is

material civilization and the other is spiritual civilization." ("Speak With Facts"); "In the four modernizations, we must grasp with both hands and it will not do to grasp with only one hand. Grasping with both hands means grasping construction with one hand and grasping the legal system with the other." ("Speech at the Meeting of the Standing Committee of the Political Bureau of the Central Committee"); "In a socialist country, a genuine Marxist political party must, after becoming the ruling party, devote itself to developing the productive forces, and on this basis gradually improving the people's living standards. This is the building of material civilization. For quite a long period in the past, we overlooked the development of the productive forces. Therefore, at present, we have to pay special attention to the building of material civilization. At the same time, we also have to build socialist spiritual civilization. The most fundamental thing is to enable the broad masses of people to have communist ideals, morals, and culture, and to observe discipline." ("Build Socialist Material Civilization and Spiritual Civilization"); "It is necessary to persist in grasping with both hands. It is necessary to grasp reform and opening up with one hand and to grasp cracking down on various kinds of criminal activities with the other. Both hands should grasp firmly." ("Gists of Remarks Made in Wuchang, Shenzhen, Zhuhai, and Shanghai") These expositions on grasping material civilization with one hand while grasping spiritual civilization with the other, grasping economic construction with one hand while grasping democracy and the legal system with the other, grasping reform and opening up with one hand while grasping cracking down on crimes with the other shine with the ideological brilliance of dialectical materialism. All things in the world are interrelated and interdependent. This is particularly true of a series of major issues we meet with in the course of socialist modernization. For example, persisting in reform and opening must be closely combined with persisting in cracking down on criminal activities. If we do not severely punish criminals committing economic crimes and other criminal offenses or do not strengthen the building of honest administration, reform and opening up will be seriously interfered with. On the other hand, if we do not carry out reform and opening up, do not greatly increase the country's comprehensive strength and raise the cultural level of society, or do not improve the people's living standards, we cannot thoroughly do away with various criminal activities or corruption. Upholding grasping with both hands and grasping firmly with both hands means upholding the doctrine that everything has two aspects in the theory of knowledge in dialectical materialism. In the process of modernization, we must uphold the doctrine that everything has two aspects advocated by Comrade Deng Xiaoping. Only in this way can we handle various kinds of complicated issues and contradictions dialectically and in an all-round manner and make fewer mistakes or detours in our work.

The building of material civilization and the building of spiritual civilization are mutually conditional and promote one another. The building of material civilization is the foundation of the building of spiritual civilization. We must firmly grasp the center of economic construction and should not let go our hold. "Not upholding socialism, not carrying out reform and opening up, not developing the economy, and not improving the people's standard of living can only be a blind alley." ("Gists of Remarks Made in Wuchang, Shenzhen, Zhuhai, and Shanghai") All comrades engaged in the building of spiritual civilization should firmly establish the idea of serving economic construction, reform, and opening up. Only by correctly locating our position of serving economic construction, reform, and opening up can we realize the value of our work. In his important remarks made during his inspection tour of the south, Comrade Deng Xiaoping scientifically put forward the standard for assessing the correctness of the work in economic construction, reform, and opening up: We "should mainly see whether or not it is conducive to developing the productive forces of the socialist society, whether or not it is conducive to increasing the comprehensive national strength of the socialist state, and whether or not it is conducive to improving the people's living standards." Undoubtedly, this is also the only correct standard for assessing the building of socialist spiritual civilization.

Comrade Deng Xiaoping has always stressed that the building of socialist material civilization and the building of spiritual civilization should be grasped simultaneously and has attached great importance to the special role played by socialist spiritual civilization in modernization. As early as the beginning of reform and opening up, Comrade Deng Xiaoping pointed out: "While building a high degree of material civilization, we should raise the level of science and culture of the entire nation, develop a noble, rich, and colorful cultural life, and build a high degree of socialist spiritual civilization." ("Congratulatory Speech at the Fourth Congress of the Literature and Art workers of China") Comrade Xiaoping also said: "The most fundamental thing in building socialist spiritual civilization is to enable the broad masses of people to have ideals, morals, and culture, and to observe discipline." ("Build Socialist Materialist Civilization and Spiritual Civilization") Grasping the building of material civilization and spiritual civilization with both hands is a prominent characteristic in the socialist modernization of our country. Comrade Xiaoping pointed out: "If the building of spiritual civilization is not strengthened, the building of material civilization will be damaged and we shall make detours. We cannot succeed in our revolution or construction by depending on material conditions alone." ("Speech at the CPC National Congress")

The historical experience of reform and opening up in the past 10 years and more have repeatedly proved that whenever we adhere to the principle of "grasping with both hands and grasping firmly with both hands" which

Comrade Xiaoping has always stressed, the cause of socialist modernization will become more prosperous every day and will develop smoothly, and whenever we deviate from this basic principle and whenever we make the mistake of grasping firmly with one hand while relaxing the grasp of the other, the cause of socialist modernization will be interfered with and damaged. We must keep firmly in mind Comrade Deng Xiaoping's earnest instructions, learn from past experience and lessons, and ensure the healthy and steady development of the cause of socialist modernization.

II.

Press and publication work is an important part of the building of socialist spiritual civilization. Doing a good job in press and publication work has an important bearing on properly carrying out the building of the two civilizations. The press and publication sector has the mass media in its hands. In a modern society, it plays a specially important role in spreading information, promoting the development of the economy, science, and culture, forming public opinion, winning people's support, and stabilizing the social and political situation. Without powerful and efficient information-spreading systems and without public opinion for guiding society which is in line with the direction of development of modernization, it is difficult to imagine the possibility of attaining success in modernization. Comrade Xiaoping once said: "Strengthening the party's leadership over the ideological front and overcoming the weak and lax situation have become a pressing task of the whole party. In addition to the theoretical and literature and art circles, education, the press, publication, radio, television, mass culture, mass ideological and political work, and other sectors also have similar or other pressing problems to solve. The work of the entire ideological front needs to be strengthened. We should solemnly put this question before the whole party and on the important agenda of the CPC Central Committee and local CPC committees at all levels. After the center of work has been shifted to economic construction, the whole party should study how to adapt itself to the new conditions, strengthen the party's ideological work, and guard against the tendency of immersing ourselves in economic work and ignoring ideological work." ("The Party's Pressing Tasks on the Organizational Front and the Ideological Front") These instructions of Comrade Xiaoping have great significance in giving guidance. Press and publication work can only be strengthened and should not be weakened. This has been proved by the practice of many years. At present, there are across the country more than 500 publishing houses, 200 audio-video publishing houses, 2,000 newspapers, and 7,000 magazines. In addition, there are more than 100,000 points and networks for selling books and magazines and 4,000 printing houses with regular customers. Since the press and publication industry is developing so rapidly and its scale is so big, only by giving it correct guidance and exercising efficient management will it be possible for it to develop healthily and to provide a powerful

spiritual propelling force, intellectual support, a public opinion environment, and an ideological guarantee for reform, opening up, and economic construction. This is an important issue which has a bearing on the success of modernization. Comrade Xiaoping has put forward, precisely at this high strategic level, the necessity of regarding the strengthening of the work of the ideological front, including press and publication, as a very pressing task of the whole party. Comrades working on the press and publication front must seriously understand the earnest hope of Comrade Xiaoping, work hard, explore boldly, and go all out to fulfill their duties. CPC committees and governments at all levels should also strengthen at this high strategic level press and publication work and the building of the press and publication organizations and workers so that the party can really exercise leadership over press and publication work.

In the course of the gradual establishment of the socialist market economy structure, the core of strengthening the management of press and publication lies in strengthening the legal system and strictly carrying out management according to law. Comrade Xiaoping pointed out: "It is especially necessary to grasp legislation work firmly, including the legislation of laws and regulations governing rallies, societies, parades, demonstrations, the press, and publication." ("China Brooks No Chaos") To speed up legislation on the press and publication is the most urgent task in press and publication work at present. We should seriously study new situations and new problems emerging in the press and publication under the conditions of the socialist market economy, extensively solicit the views of various circles in society, and speed up the drafting of the "Publication Law" and the "Journalism Law." At the same time, we should also speed up the formulation of regulations and rules concerning the press and publication and strive to raise the level of the legal system for the management of the press and publication. We should, through strengthening management according to law, make due contributions to maintaining the normal operation of the press and publication and to social stability. Publications, published legally or illegally, which are found to have serious political mistakes, to be harmful to nationality solidarity, to violate foreign policies, to propagate pornography, or to be vulgar, will often become factors causing social instability and will interfere with the overall situation of economic construction, reform, and opening up. Regarding such publications, we should, on the one hand, strive to take preventive measures, and, on the other hand, mete out stern punishment according to law in order to put an end to the recurrence of similar problems.

The press and publication is an important part of the party's ideological work and is also a rising industry of the national economy system. Comrade Xiaoping pointed out that "development is the last word [fa zhan cai shi ying dao li 4099 1455 2088 2508 4289 6670 3810]." Under the historical conditions of the gradual establishment of the socialist market economy structure,

development and prosperity are also the last word of the press and publication. Since the Third Plenary Session of the 11th CPC Central Committee, the reform of the press and publication has taken a very big step forward and its operation and management level has risen greatly. Most publishing houses have changed from being of a production type to being of a production-management type. In the sales link, the requirements of "one main body, three multiples, and one fewer" (the state-owned Xinhua Bookstore as the main body, multiple channels, multiple economic compositions, and multiple purchasing and marketing forms; and fewer circulation links) and "one delegate, two removes, and one cooperation" (delegate power to invigorate state-owned bookstores; remove restrictions on wholesale channels to invigorate the book and magazine market and remove restrictions on purchasing and marketing forms and sales discounts to invigorate the purchasing and marketing mechanism; and strive to develop lateral cooperation) are gradually being satisfied. In the course of technical transformation, more and more book, newspaper, and magazine publishing enterprises are using the technology of "laser photo-typing, electronic scanning, offset printing, and automatic binding." The era of "lead and fire" has basically ended in the printing of newspapers of party committees at the prefectural and city levels and above. All this has been brought about by reform and opening up and is the result of great efforts made by the party and the government in developing the press and publication. At a time when reform and opening up have entered a new stage of historical development, there is still much work to do to deepen reform and speed up development. For example, further efforts are needed in the reform of the operation and management structure of publishing houses, newspapers, and magazines; further efforts are needed in the implementation of the director responsibility system in publishing houses; further efforts are needed to study how to establish and improve the book and magazine management structure and the mechanism to guarantee the quality of books and magazines; and great efforts are also needed to resolve the question of what channels and methods should be used to enable state-owned book and magazine distributing enterprises to play their guiding role among wholesalers of books and magazines and to enable retailers of various economic compositions to display their skills. It is necessary, through deepening reform, to establish a new publication structure which is in keeping with the socialist market economy structure, which can meet the needs of the building of socialist spiritual civilization, and which reflects the laws of development of the publication industry itself; and it is necessary, through deepening reform, to establish a good operation mechanism and an effective management structure. In the course of the historical process of building socialism with Chinese characteristics, the press and publication sector should have greater and faster development and should make even greater contributions to the revitalization of the Chinese nation.

Under the conditions of the socialist market economy, the press and publication will, for a long time to come, face the question of how to properly handle the relationship between social benefits and economic results. That the press and publication organizations have attached importance to operation and management and to economic results is in fact a gratifying change brought about by reform and opening up in the past 10 years and more. The reason is very simple. When the press and publication organizations have universally assumed sole responsibility for their own profits and losses, it will be difficult to ensure social benefits without attaching importance to economic results. However, the problem is that at present, "money worship" and "putting money before anything else" are having a serious erosive influence on press and publication workers and the phenomena of "paid news reports," "selling book title registrations," and so on have seriously affected the healthy development of the press and publication sector. Comrade Xiaoping once pointed out sharply: "The tendency of 'putting money before anything else' and commercializing spiritual products has also appeared in other aspects of spiritual production. Some people who unworthily occupy places in literature and art circles, publication circles, and cultural circles have simply become merchants who are bent solely on profit." ("The Party's Pressing Tasks on the Organizational Front and the Ideological Front") Through summing up the experience and lessons of the press and publication work in past years, it is not difficult to see that many problems in the press and publication sector are of course caused by ideological understanding, but more of them are caused by the desire to reap great profits and by the "worship of money." Therefore, we must persist in putting social benefits in the most important position and, with this as the prerequisite, unify economic results with social benefits. At the same time, it is necessary to adopt measures related to structure and rules to eradicate the influence of "money worship" and to ensure the healthy development of the press and publication.

Comrade Deng Xiaoping's expositions on persisting in "grasping with both hands" and grasping firmly with both hands are guidance for press and publication work. So long as we seriously grasp their essence and use them to guide practical work and so long as we adhere to the correct orientation, carry out management according to law, deepen reform, and promote prosperity, the press and publication sector will certainly develop further.

State Council Appoints, Removes Officials

OW1602143194 Beijing XINHUA Domestic Service in Chinese 0715 GMT 16 Feb 94

[Text] Beijing, 16 Feb (XINHUA)—The State Council recently appointed and dismissed a number of state personnel.

Liu Zhongli was appointed concurrent director of the State General Administration of Taxation [SGAT]; Jin

Xin and Yang Chongchun were appointed deputy directors of the SGAT (the CPC Central Committee had earlier appointed Comrade Jin Xin as secretary of the SGAT Party Group); Dai Bingguo was appointed vice minister of foreign affairs; Chen Tonghai was appointed vice minister in charge of the State Planning Commission; Li Honggui was appointed vice minister in charge of the State Planned Parenthood Commission; Yin Jieyan was appointed vice governor of the People's Bank of China; Wang Fengchao was appointed deputy director of the State Council Hong Kong and Macao Affairs Office; Chen Yunlin was appointed deputy director of the State Council Taiwan Affairs Office; Li Bing was appointed deputy director of the State Council Information Office; Zhang Renwei was appointed director of the State Bureau of Construction Material Industry; Zhu Xiaohua was appointed concurrent director of the State Foreign Exchange Administration; Wang Gang was appointed director of the State Archives Bureau; and Li Shuilin was appointed deputy director of the XINHUA Macao Branch.

Wu Jingchun (female) was dismissed from the office of vice minister in charge of the State Planned Parenthood Commission; Wang Yanmu was dismissed from the office of director of the State Bureau of Construction Material Industry; Yin Jieyan was dismissed from the office of director of the State Foreign Exchange Administration; and Wang Guozhang was dismissed from the office of deputy director of the XINHUA Macao Branch.

Beijing Invites Foreign Media To Cover NPC

OW1702013194 Beijing XINHUA in English 0101 GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—Journalists from Hong Kong, Macao, Taiwan and foreign countries are welcome to cover the second sessions of China's National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC).

This was announced by the general offices of the NPC and CPPCC in Beijing today.

The NPC session is scheduled to open March 10 and the CPPCC session March 8, this year.

Journalists from Hong Kong and Macao who want to cover the two sessions can apply through local branches of XINHUA NEWS AGENCY to the special press office set up for the sessions.

Taiwan reporters can apply to the press office through the Hong Kong branch of XINHUA NEWS AGENCY or Chinese embassies in foreign countries.

Foreign reporters can apply to the press office through Chinese embassies in foreign countries, Hong Kong and Macao branches of XINHUA NEWS AGENCY, and visa offices in Hong Kong and Macao.

Foreign reporters and reporters from Hong Kong working in Beijing can apply to the press center for the

two sessions directly. The press center will be set up in Beijing's International Hotel.

Applicants should submit letters of introduction from press institutions and identification cards which clearly state whether they are writers or cameramen.

The deadline for applications is March 15 this year.

Tian Jiyun Inspects Guangdong's Shanwei City
HK1702113094 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 17 Feb 94

[Text] Tian Jiyun, member of the Political Bureau Standing Committee [title as heard] and vice chairman of the National People's Congress [NPC] Standing Committee, inspected the old revolutionary base area in Shanwei City on 15 and 16 February in the company of Lin Botang, vice chairman of the Provincial People's Congress Standing Committee, and Vice Governor Ou Guangyuan. He spoke highly of the city's rapid development, great changes, and bright future.

While in Shanwei, Tian Jiyun and those accompanying him inspected the Shanwei port and the Xinli electronics city. He said that Shanwei City is correct in using great opening up to promote great development. He pointed out: In terms of time, it was right to adjust the regional administration, because it was beneficial to regional economic development.

He said: I am very glad to see the rapid development in this old revolutionary base area as well as the positive mental attitude of its cadres.

Prior to his departure from Shanwei, Tian Jiyun happily wrote an inscription, which reads: Shanwei Is Leaping Forward.

Dissident Wang Dan's Civic, Political Rights Restored

HK1702105894 Hong Kong LIEN HO PAO in Chinese 17 Feb 94 p 10

[By reporter Chu Wei-ching (2612 0251 4552): "Wang Dan's Civic and Political Rights Were Restored Yesterday"]

[Text] Beijing, 16 Feb—The Chinese Public Security Ministry informed Wang Dan this afternoon that his civic and political rights have been officially restored. A public security officer nevertheless warned him that further investigation would be conducted regarding the pieces he wrote for overseas media during this period. Wang said, however, that safeguarding the freedom of speech is a component of China's democratic movement and that he would continue writing.

Deprivation of political rights primarily refers to the right to vote and stand for election, the freedoms of

speech, press, and assembly as laid down in the constitution, and the right to take up posts in an enterprise or institution, among other rights.

Former NPC Vice Chairman Liu Ningyi Dies
OW1702133494 Beijing XINHUA in English 1313 GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—Liu Ningyi, former vice-chairman of the Standing Committee of the Third National People's Congress, died of illness here on February 15 at the age of 87.

Liu Ningyi was an outstanding member of the Communist Party of China, a proletarian revolutionary and an outstanding leader of the workers' movement.

Article Views Situation at Social Sciences Academy

HK1602131694 Hong Kong EASTERN EXPRESS in English 16 Feb 94 p 6

[By P.N. Kandinsky]

[Text] The Beijing intellectual was openly sarcastic. "Was this meant to be a festive gift for us?" he asked.

He was referring to the reshuffle at the Chinese Academy of Social Sciences (Cass), announced on the eve of the lunar new year.

Wang Renzhi, the hardliner who formerly headed the Communist Party's Central Propaganda Department and carried out the purge of government critics in 1989, was made senior vice-chairman of the once prestigious think tank.

Wang joined Cass in 1992 as the party boss, but did not have any defined position in the administration.

The official announcement directed at overseas audiences said that new heads had been named at 43 of the 150 institutes under Cass and that liberal academics involved in the 1989 protests or close to the former party chief, Zhao Ziyang, had been removed.

Loyalty to socialism and "revolutionary spirit" were considered in addition to professional qualifications in making the appointments.

But the official report did not mention Wang's appointment, perhaps because even his comrades knew this might have spoiled a public relations exercise boasting a younger, more capable Cass leadership "emancipated in thought and perspective".

"What a joke," sneered an older intellectual who translates social science books.

"I'm surprised there is still something that can make them feel embarrassed, now that they have turned our

profession into the most politically repressed and economically pointless way to make a living in the entire country."

Staff were not consulted about Wang's nomination. Some had signed a protest letter to the top leadership when he was transferred to Cass.

Despite the economic reform of the past couple of years, social science research in China has remained under tight control by a small group of ideologically conservative officials who rose to power with the crackdown on the 1989 mass protests.

Freedom in academic pursuits and expression are still regarded as dangerous by the regime.

News of Wang's appointment came shortly after a national conference on propaganda. The only message of the conference was that the party wanted to reassert "leadership on public opinion".

One new twist, however, was a warning to the press not to indulge in publicising "certain issues" to such a degree that they have "excessive social impact".

The "certain issues" concerned, according to Beijing journalists, include last year's high rate of inflation—the third-highest record during the reform era—and rampant corruption.

Inflation and corruption were the two most important factors which drove millions of citizens to join in open protests in many Chinese cities in 1989, which the regime was able to disperse only by using armed force.

The situation in the Year of the Dog is in many ways as serious as at the beginning of 1989, according to some social scientists.

The leadership has an abiding fear of serious social research, noted one Beijing university teacher, who said it was a "lesson learned four years ago", when many Cass researchers were participants and even leaders in the mass protests.

To control social science, the regime not only uses fusty bureaucrats such as Wang Renzhi—who himself has accepted bribes, according to former subordinates at the Party Propaganda Department—but it has also financially crippled research in many Cass institutes.

Since the 1989 crackdown, the Institute of Political Science and the Institute of Marxism, Leninism and Mao Zedong Thought—two departments which produced some of the regime's most articulate critics—have not embarked on a single important project.

Administrative control of these two institutes has been merged with the Institute of Law Studies, Cass sources said.

"It is a tradition in Soviet style systems that political science can never be treated as a separate discipline, but

rather must be subordinated to Stalin's theory on the state and law," the source said.

The library at Cass can only afford to renew subscriptions to a quarter of the foreign social science periodicals it used to import during the 1980s—dropping from nearly 4,000 titles to only 800—due to the devaluation of renminbi and lack of any corresponding increase in funding.

Since mid-1993, some Cass institutes have leased their office rooms to businesses or converted them into cheap hotels.

In the worst cases, money earmarked for research was distributed as year-end bonuses among staff who would otherwise have to cancel their holiday shopping.

Ironically, nearly every institute has set up a "leading group on money-making activities" (chuangshou lingdao xiaozu), often headed by the institute director.

The money-making group is expected to eke out the institute's lean research budget and supplement the staff's meagre welfare funds.

But the Institute of Political Science has not even been able to get its money-making venture off the ground.

The main reason, according to one source at Cass, is that its field of learning has no commercial value.

Moreover, the institute director, Wu Daying, who was also installed after the 1989 crackdown, is said to be extremely selfish as well as incompetent. He does not want to share any of his own money-making opportunities with colleagues with differing political views.

A typical middle-aged researcher at Cass earns just less than 300 renminbi (HK\$265 [Hong Kong dollars]) a month. To buy a decent suit in Beijing costs more than 1,000 renminbi.

Finding a publisher for one's scholarly work in the market place can be an uphill battle, even if the book is not politically sensitive.

A manuscript will not usually be accepted by mainland publishers unless the author promises to sell—or buy—most, if not all, of the books.

"The whole process takes two years to complete," said a Cass literary critic, "and you get nothing out of it at the end except being worn to a frazzle."

A "sense of loss" has also invaded the six Cass institutes of economic research. Some receive research contracts, thereby offsetting funding problems, but still face a brain drain crisis because economists are being offered lucrative corporate positions in the external job market.

Circular Urges New Working Hours in Colleges
*OW1702090694 Beijing XINHUA in English 0545
GMT 17 Feb 94*

[Text] Beijing, February 17 (XINHUA)—The State Education Commission has issued a circular urging the implementation on a trial basis of the State Council's regulations on the new working hours limits in technical secondary schools and colleges of higher learning across China.

The circular says technical secondary schools and colleges and universities should implement on a trial basis the system of working eight hours a day and 44 hours a week from March 1.

Schools in the same localities must use a unified working-hour system, which may also be worked out by provinces, municipalities and autonomous regions and prefectures, or cities.

Science & Technology

Architect Views Significance of Long-March 3A Rocket

OW1702114394 Beijing XINHUA Domestic Service in Chinese 0940 GMT 16 Feb 94

[By correspondents Liu Linzong (0491 2651 1350) and Huang Weihua (7806 1218 5478)]

[Text] Beijing, Feb 16 (XINHUA)—Upon returning here from Xichang Satellite Launch Center recently, Long Leahao (7893 2867 6275), vice president of the Chinese Academy of Carrier Rocket Technology and general architect of the Long-March 3A carrier rocket, said: The rocket's successful launch marked a giant step forward and a new stage in the development of China's rocket technology. It is a rare event in China's rocket development history to achieve complete success during a rocket's first test launch.

Long Leahao said: The Long-March 3A rocket, which incorporates China's latest carrier rocket technology, is actually a brand new model. The newly developed high-energy oxyhydrogen III (gao neng qing yang di san ji 7559 5174 8641 8638 0005 4787) involved the successful tackling of several hundred technological problems and the development of dozens of major new technologies, many of which approach contemporary advanced international levels. The carrier rocket also employs a control system for operating four-spindle gyroscope oscillating platform [dong diao tuo luo si zhou rao xing ping tai 0520 6148 7094 5828 0934 6519 2371 1840 1627 0669] for the first time in China, a technology quite advanced even in the world. The use of the cold helium heating pressurization technology [leng hai jia wen zeng ya ji shu 0397 8640 0502 3306 1073 1090 2111 2611] for pressurizing the third-stage liquid oxygen chamber makes China the second country after the United States to independently and successfully develop and utilize such

a technology. The low-temperature hydrogen energy source [di wen qing qi neng yuan] and other technologies used in the servo-control mechanism of the third-level oscillating power generator [san ji bai dong fa dong ji 0005 4787 2369 0520 4099 0520 2623] is also a new technology in our country.

Long Leahao said: The successful launch has extremely great significance to China's space undertakings:

—The successful launch has provided a carrier vehicle for China's new-generation and bigger-capacity satellites—the Dongfanghong [East Is Red] 3. As a result, it will play an important role in promoting the development of China's broadcast and telecommunications industries. China's new-model telecommunications satellites will serve the needs of its economic construction even better if they can be launched earlier.

—It helps lay the foundation for the formation of a rocket series capable of carrying the largest payload onto higher orbits. The carrying capacity of the Long-March 3A is 2.5 tonnes, up from the Long-March 3's 1.4 tonnes. The Long-March 3B—which is based on the Long-March 3A with extended second-stage rocket, an enhanced cowling system, and four cluster liquid booster rockets—is capable of carrying 4.8 tonnes of payload. The Long-March 3C, which strips two booster rockets from the Long-March 3B, is capable of carrying 3.5 tonnes of payload. The Long-March 3A, 3B, and 3C rockets constitute China's rocket series capable of carrying the largest payloads onto higher orbits. The series is capable of carrying a wide range of payloads. It ranks first in China and second in the world in terms of the capacity to carry payload onto higher or lower orbits.

—The success in the rocket's first test launch greatly improves the Long March rocket's competitiveness in the international market for satellites launch services. Because it is capable of carrying a payload ranging from 1.4 tonnes to 4.8 tonnes and sending it to geosynchronous orbit and because it is capable of launching one, two, or three satellites at the same time, it can be used for launching a variety of satellites and thereby has a greater appeal to consumers. The Long-March 3A can also change orbits, redirect, initiate revolution [qi xuan 6386 2467], and conduct large attitude angular movement according to consumers' demands.

CHINA DAILY Views Pollution Problems

Urges Raising 'Efficiency'

*HK1702070794 Beijing CHINA DAILY in English
17 Feb 94 p 4*

[Unattributed report: "Efficiency Helps Cut Pollution"]

[Text] To prevent environmental degradation while still striving for economic growth, China should raise industrial efficiency and reform industrial structures, said Qu Geping, the country's top environmental legislator.

Heavy financial input and raw material consumption have helped maintain China's high economic growth as well as giving rise to heavy pollution, said Qu, head of the Environment Committee of the National People's Congress, in Environment Protection [HUANJING BAOHU] magazine.

Despite significant progress, China's industrial efficiency in recent years still lags behind that of developed countries.

To produce the same amount of industrial products, China uses five to 10 times more water than developed nations, Qu said.

Authorities have not fully recognized the importance of environmental protection in drafting economic plans.

Priority has been given to increasing the input of raw materials and energy, while encouraging low energy consumption and low pollution has been largely ignored.

China can no longer afford this model, Qu said.

First, resource reserves are limited. China's per capita water availability is only a quarter of the world average; per capita land area is only one-third of the global level; and per capita mineral resources only account for half the world average.

With population growth and economic development, the shortage of resources will only become more acute.

If measures are not taken to raise efficiency, production costs will rise and industrial development will be handicapped, Qu said.

The environment has become an important concern in the world. Pollution control and environmental protection regulations have been included in many international trade laws, with possible sanctions against nations with poor environmental performances.

And China, increasingly dependent upon foreign trade, must abide by international laws.

Qu suggested that China speed up its industrial, structural reshuffle and technological renovation to reduce pollution.

One method would be to increase the number of non-polluting industries, such as the service sector.

Another method would be to reduce the consumption of energy and raw materials. Pollutants should be recycled, treated or stored to create a more efficient consumption.

Qu also called for increased government funding to fight pollution because environmental protection has become very costly.

The government should try to allocate 1 to 1.5 percent of its GNP to protecting the environment. Presently the figure is only 0.7 percent.

And environmental investment is very profitable. For every 100 yuan of investment, 600 yuan of profit could be generated.

The State might not be able to afford the increased expenditures, Qu said, but spending cuts should come from other portions of the budget to finance environmental protection.

More money earmarked for industrial projects should be given to environmental protection. The government should demand that 8 to 10 per cent of new industrial investment go to environmental protection, instead of the present 4.5 percent.

The government can also raise standards for pollutant discharge, Qu said, adding that low standards partly explain why many businesses are not eager to fight pollution.

The government needs to adjust financial policies to make it easier for the environmental protection projects to get bank loans.

Blames Township Enterprises

*HK1702070594 Beijing CHINA DAILY in English
17 Feb 94 p 3*

["CD News" report: "Rural Firms to Blame for Nation's Pollution"]

[Text] Township industries are seriously polluting the air and water in Tianjin, Shanghai and Beijing, according to the National Environmental Protection Agency.

Rural enterprises are also pumping out massive amounts of industrial waste water and sulphur dioxide fumes in the provinces of Hebei, Shandong, Henan, Shanxi, Jiangsu, Sichuan and Ningxia Hui Autonomous Region.

The agency's nationwide survey of the environmental hazards caused by township enterprises is the first of its kind.

The aim is to help central and local governments improve pollution control by identifying the worst offenders.

The discharge of industrial waste water around the three major cities and in the worst hit provinces accounted for almost 60 percent of the China's total township water pollution, according to the agency.

Places facing grave air pollution problems are listed as Shanghai Jiangsu, Henan, Shandong, Beijing, Shanxi, Tianjin, Zhejiang and Sichuan.

The rural industries in these areas produced 57.2 percent of the pollutants piped into the air by rural firms around the country.

These areas were also to blame for 60 per cent of township-produced sulphur dioxide, 63 percent of the smoke and 55.8 percent of the industrial dust of the country's total, according to the agency's investigation. The survey, which was started in 1989, covered 570,000 enterprises in almost every county in the country. Only the Tibetan Autonomous Region and Taiwan were left out.

Fourteen types of factories were named as major polluters.

They included industries involved in asbestos, coke, cement, chemicals, paper-making, leather processing, dyeing and brewing.

Many of the small industries had out-of-date production technology and a high rate of waste discharge.

To date less than one-fifth of rural industry reaches State standards for waste water disposal.

The investigation also revealed that for every five rural firms there was only one environmental protection officer.

This clearly showed that factory managers in these areas still cared little about their environment says the survey.

Industrial waste and gas were found to be the major causes of rural pollution.

The Farmers' Daily [NONGMIN RIBAO] has said that pollution-control technologies must be introduced into rural enterprises and the construction of dirty factories and mills must be limited. The best way of controlling pollution is to adopt advanced waste disposal technology, according to the newspaper.

Military

Beijing Reportedly To Buy 3 Russian Submarines
SK1702054594 Seoul YONHAP in English 0531 GMT
17 Feb 94

[Text] Tokyo, Feb. 17 (YONHAP)—China, seeking to improve its naval forces, will import three attack submarines from Russia this year and send some 100 sub crew members to the Russian Navy's submarine school in Vladivostok this summer, the TOKYO SHIMBUN reported on Thursday in a Vladivostok-dated story.

The three submarines China will purchase are conventional "kilo" class ships, weighing 3,000 tons, able to cruise at 17 knots and built at the Komsomolsk shipyard in Khabarovsk in 1982, the report said, citing a ranking officer of the Russian Pacific fleet in Vladivostok.

Russia will send the vessels to China for foreign exchange, with their cooperation in submarine warfare involving many naval secrets likely to influence the security of East Asian nations, the Japanese-language newspaper said.

China is known to have plans to import 10 more conventional submarines and one nuclear submarine from Russia within the year, it said.

The Russian Pacific fleet sold seven warships to China last year, including a ballistic rocket observation ship, a destroyer and two conventional submarines.

These ships are serviceable in naval operations and China must have commissioned them for its navy, instead of using them for scrap iron, the Pacific fleet officer was quoted as saying.

The Russian Navy's submarine school in Vladivostok was set up in the early 1980s to train submarine crews from countries purchasing Russian subs.

'Military Brass' Transfers To Aid Jiang Zemin's Power

HK1702072594 Hong Kong LIEN HO PAO in Chinese
16 Feb 94 p 10

[Report by LIEN HO PAO New York special correspondent Tseng Hui-yen (2582 1979 3601): Beijing Transfers Military Brass in a Big Way To Consolidate Jiang's Position as the Core"]

[Text] New York 14 Feb (LIEN HO PAO)—According to a report carried in the latest issue of ZHONGGUO JUSHI [0022 0948 1444 0528 CHINA'S SITUATION] to be published here in New York soon, another large-scale round of transfers among the military brass of the People's Liberation Army [PLA], which began late last year, is still under way. According to the principle of being younger in average age, Jiang Zemin has continued to establish his influence in the Army, while the influence of "the Yangs" [Yang Shangkun, former President and formerly permanent vice chairman and secretary general of the CPC Central Military Commission; and his half-brother, Yang Baibing, former director of the PLA General Political Department and former member of the PRC Central Military Commission], and of those soldiers who rose in the wake of the "4 June" incident has weakened further. The most important cause lies in ensuring that the leading body, with Jiang Zemin as the core, promptly obtains the military's support after Deng Xiaoping. At the same time, the transfer of military brass will be conducive to cooperation among various military regions. This point finds obvious expression in the transfers of personnel in the Nanjing and Guangzhou Military Regions, which have been the main force aimed at Taiwan.

The journal ZHONGGUO JUSHI indicated that three wide-scale transfers of military brass already have taken place since the "4 June" incident in 1989. With the development of military strength, and with China's superem leader Deng Xiaoping—who is nearly 90—having one foot in the grave, the hidden political motive in these transfers of military brass is worth studying. The current personnel reshuffle involves the Central Military Commission organizations and all major military

regions. The outside world believes that compared with his predecessors—Hu Yaobang and Zhao Ziyang—Jiang Zemin has less military background, but when Jiang Zemin acquired the legally constituted authority of the Central Military Commission, he stepped up the establishment and expansion of his influence, with the backing of Deng Xiaoping. Viewing the present conditions, we find that his relations with the military have gone far beyond the imagination of the outside world.

As for the three rounds of military brass transfers since the "4 June" incident, the first round was conducted exclusively by Yang Shangkun and Yang Baibing, and Jiang Zemin basically had no say in it. When the "14th party congress" was in session, "the Yangs" were defeated by the joint forces of Jiang Zemin, Li Peng, and other military brass. In the wake of the congress, Jiang Zemin seized the opportunity to conduct the most wide-ranging military reshuffle since the PRC's founding, with focus on purging the forces of "the Yangs." In the latest round of reshuffling, Jiang Zemin was playing the card of "being younger in average age, and more professional," and a number of the military brass who had solid and extensive personnel networks were removed from office on the grounds of "exceeding the retirement age." Included in this category were Song Keda, political commissar of the Shenyang Military Region, and Wang Chengbin, commander of the Beijing Military Region—both of whom were 66 years old; and Liu Anyuan, political commissar of the Nanjing Military Region, and Li Lun, deputy director of the General Logistics Department, both of whom were 67 years old. However, they were invited to be advisers to their original units, and their hidden influence should not be overlooked. At the same time, a number of military brass who had been promoted for suppressing the 1989 students' movement were demoted. This category included Commander Wang Cheng, Deputy Commander Zou Yuqi, and Political Commissar Zhang Gong—all of the Beijing Military Region. They all were the major military brass who suppressed the 1989 students' movement. At that time, Wang Chengbin was the deputy commander of the Nanjing Military Region who led troops to Beijing to participate in the suppression, Zou Yuqi was the chief of staff of the troops that enforced martial law, Zhang Gong was director of the Beijing Military Region's Political Department and the man of the day in the "4 June" incident. Now one of them has retired, another has been transferred to the border areas, and the whereabouts of the third are unknown. In view of the fact that there is no end to the talk that "the Yangs" could stage a comeback after Deng, Jiang Zemin has spared no effort in completely uprooting the Yangs' influence. At the same time, he has removed from important posts all those people who were involved in the "4 June" incident, an act that should contribute to easing people's grievances against the CPC.

The traditional view is that the aim of the CPC's transferring the military brass lies in reducing their influence, so as to make effective control over the

military possible. Some people believe that this transfer of the military brass will bring about a situation in which "commanders are unfamiliar with the troops, and vice versa." However, ZHONGGUO JUSHI believes that a motive that has been neglected is the promotion of cooperation among the military regions and various service arms, so these transfers may be a means of "killing two birds with one stone." The military brass promoted during the current reshuffle included Li Laizhu, the newly appointed commander of the Beijing Military Region. The rest mostly were transferred from other military regions. There was a high frequency of exchanging commanders between military regions. For example, Lieutenant General Gu Hui, of the Nanjing Military Region, served in the Guangzhou Military Region for almost 40 years before his recent transfer. Both Liu Yuanan, former political commissar of the Nanjing Military Region, and Fang Zhuqi, the region's newly appointed political commissar, used to serve in the Guangzhou Military Region. Lieutenant General Qu Zhenmao, deputy commander of the Nanjing Military Region and concurrently commander of the Donghai Fleet, used to be deputy commander of the Nanhai Fleet under the Guangzhou Military Region. Lieutenant General Shi Yuxiao, political commissar of the Guangzhou Military Region, used to be political commissar of the Nanjing Military Region.

It should be noted that newly appointed Beijing Garrison Commander He Daoquan used to be commander of the the 23d Group Army stationed in Heilongjiang; he was the first officer in the field troops to set up an automation system and was trained at the PLA's National Defense University. The Beijing Garrison is in charge of defending the CPC central organizations. In principle, its commander should be nominated directly by the PLA chief of general staff; nevertheless, its commander has been changed three times since the "4 June" incident.

Another new phenomenon to be explored and studied in the recent transfer of military brass is that both Li Xinliang, the newly appointed political commissar of the Shenyang Military Region, and Zhang Zhijiang, political commissar of the Chengdu Military Region have no background in political work, but are professional soldiers. If this is no coincidence, it may mark the beginning of a trend of depoliticization of the Army.

Senior Officers Visit Armed Police Forces

HK1702062694 Beijing JIEFANGJUN BAO in Chinese
6 Feb 94 p 2

[By Liu Xiangzheng (0491 7449 2398): "Armed Police Force Commander Ba Zhongtan Visits Armed Police Officers and Men in Qinghai and Ningxia to Express Appreciation"]

[Text] Since it will soon be Spring Festival, a delegation from the headquarters of the Chinese People's Armed Police Force, led by Commander Ba Zhongtan, went to

Qinghai and Ningxia to extend greetings to armed police officers and men stationed there.

The delegation, led by Commander Ba as its chief and Deputy Commanders Wang Wenli and An Jiaojia as its deputy chiefs, began its visits to armed police forces stationed in Qinghai and Ningxia on 25 January. The members of the delegation, ignoring fatigue, trying to overcome altitude sickness, and braving piercing cold, made their way to offices and basic units to call on officers and men. They also went down to squads and platoons to inspect internal management, equipment, and warehouses and to ask soldiers about their work, study, and daily life in detail. The delegation fully affirmed the outstanding achievements made by the large numbers of officers and men in maintaining social stability, promoting the unity of various nationalities, and revitalizing the economy. The delegation also encouraged the officers and men to be ready to "stand at the front" in the fight to safeguard national security and maintain social stability, to conscientiously carry out the party's nationality and religious policies, to cherish every tree and every blade of grass in the places where they are stationed, to launch the drive to support the government and cherish the people, and to make new contributions to preserving public security and promoting economic development in Qinghai and Ningxia in the new year.

Former Jinan Military Official Xiong Zuofang Dies

SK1702094794 Jinan DAZHONG RIBAO in Chinese
18 Jan 94 p 1

[Excerpt] Comrade Xiong Zuofang, former deputy commander of the Jinan Military Region, died of illness in Jinan on 6 January at the age of 81. [passage omitted]

Zhejiang Leaders Attend Military Double-Support Rally

OW1302172894 Hangzhou ZHEJIANG RIBAO in Chinese 2 Feb 94 p 1

[Article by reporters Wu Mashan (0702 7456 1472) and Shi Yang (2457 2254): "Province, City Hold Rally To Extend Spring Festival Greetings to the Army and To Name Double-Support Model Cities (Counties)"]

[Text] Zhejiang and Hangzhou held a rally on 1 February at the Great Hall of the People in Hangzhou to support the military and comfort military dependents on the occasion of the Spring Festival, as well as to name double-support model cities (counties).

The meeting was attended by provincial and city party, government, and military leaders Li Zemin, Liu Feng, Chai Songyue, Lu Zhongqiang, Wang Qichao, Xu Yongqing, Liu Xirong, Li Jinming, Xu Xingguan, Xu Zhichun, Jue Duanlin, Wei Boliang, Wang Jingxi, Yang Shijie, Yan Eryi, Xu Tingsheng, and Li Jinliang, as well as 2,000 officers and men of the ground, naval, air, and armed police units stationed in Zhejiang.

Li Jinming, Standing Committee member of the provincial party committee and secretary of the Hangzhou party committee, officiated at the meeting.

Liu Xirong, Standing Committee member of the provincial party committee and vice governor, was the first to speak. On behalf of the provincial party committee, the provincial government, the provincial people's congress, the Chinese People's Political Consultative Conference provincial committee, and the people of Zhejiang, he extended Spring Festival greetings to officers and men of all ground, naval, air, and armed police units stationed in Zhejiang; families of revolutionary martyrs and soldiers; disabled soldiers; demobilized servicemen; and retired military cadres. He also extended warm congratulations to the seven cities and counties named as model counties (cities) in supporting the military and government and in giving preferential treatment to families of revolutionary martyrs and soldiers.

Liu said: Led by the party Central Committee with Comrade Jiang Zemin at the core, over the past year we have adhered to the party's basic line of "one center and two basic points," earnestly studied and practiced Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, persisted in reform and opening up, and accelerated the pace of establishing a socialist market economy, thereby achieving significant progress in socialist construction and bringing about a new climate in building a socialist spiritual civilization. These achievements are the results of concerted efforts and hard work by soldiers and civilians in Zhejiang. He added: Over the past year, officers and men of the ground, naval, air, and armed police units, sharing weal and woe with the people, have further rendered meritorious services for economic development and military building. Over the past year, families of revolutionary martyrs and soldiers, disabled soldiers, and demobilized servicemen, preserving and carrying forward glorious revolutionary traditions, have played an important role at various posts and on all fronts, and have performed new exploits in reform and construction; at the same time, the large number of retired military cadres have made new contributions to promoting social stability and economic growth, thereby winning the respect and praise of the people throughout Zhejiang.

Liu went on to say: The year 1994 will be very crucial for China's reform, opening up, and economic construction. We must unswervingly follow Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. In line with the requirements for establishing a socialist market economy, we must seize the opportunity, deepen reform, open up wider, promote development, and maintain stability so as to achieve faster growth in the provincial economy and raise the standard of living by a larger margin. In the coming year, we must inherit and carry forward the revolutionary traditions; further deepen the campaigns to support the government and cherish the people, and to support the army and give preferential treatment to military dependents; concern ourselves with military building; and further strengthen

unity between the military and the government as well as between soldiers and civilians, thereby pushing the double-support work to new heights.

On behalf of all officers and men of the ground, naval, air, and armed police units, Xu Yongqing, political commissar of the provincial military district, extended warm congratulations to the counties and cities named as models in supporting the military and the government and in giving preferential treatment to military dependents; he also extended sincere gratitude to party committees and governments at all levels, as well as the people of Zhejiang, for their concern and support for the construction of military units and reserve forces over a long period of time. Xu said: In accordance with the requirements set by the party Central Committee and the Central Military Commission, all units stationed in Zhejiang, under the leadership of higher authorities and the support of the provincial party committee and provincial government, have successfully completed the tasks and duties of war preparedness and training, focusing on education and training, and aimed at raising their combat capability. In the coming year, we shall inherit and develop the glorious traditions of the party and the military, preserve the nature of the people's military, and promote social stability and military building. In the face of arduous tasks, all military units shall unfailingly adhere to Comrade Deng Xiaoping's concept of military building in the new period, and in accordance with Chairman Jiang Zemin's demand—that "all military units must be politically qualified and militarily capable, must have a good work style, must maintain strict discipline, and must be assured of adequate logistic support"—shall strengthen military building in an all-round manner and resolutely complete all tasks assigned by higher authorities. Meanwhile, we shall stand fast with the 42 million people of Zhejiang in holding high the banner of reform and opening up, and in working with one heart and one mind to make even greater contributions to building two civilizations in Zhejiang.

Liu Feng, deputy secretary of the provincial party committee and head of the provincial leading group on double-support, read a "Decision on Naming the Third Group of Model Cities (Counties) in Double-Support" adopted by the provincial party committee, the provincial government, and the provincial military district.

Wang Zhuohui, deputy secretary of the Ningbo party committee and head of the city's leading group on double-support, spoke on behalf of the model counties and cities.

Army Paper Views 'Business Card Fad' in Ranks

HK1702121794 Beijing JIEFANGJUN BAO in Chinese
7 Feb 94 p3

[By Wu Xianping (0124 0341 1627): "The 'Epidemic Disease of Business Cards' Has Hit the Barracks"]

[Text] In recent years, a "business card fad" has quietly emerged in the Army barracks. Last year alone, this writer received 183 business cards from friends serving in the military. These cards belong to both cadres and soldiers, with 168 people engaging in office work, accounting for 92 percent, and 15 others working in military-run enterprises, accounting for 8 percent.

These business cards are characterized by the abundant use of Army unit designations, titles, and sensitive internal Army telephone numbers. With these problems in mind, this writer has conducted investigations in several Army units. People have reported that the indiscriminate printing and distribution of business cards poses many disadvantages to army building: It endangers the management and security of the barracks areas. After taking the business cards offered them by servicemen, some job-seekers have visited various Army units "out of admiration." To find a suitable job, they go to this office today and that office tomorrow in an effort to establish a network of relationships. This has not only disrupted the normal work and order in the barracks areas but has also encouraged unhealthy practices. Some unscrupulous persons have even taken advantage of the opportunity to commit crimes in Army units.

It discredits the Army units' prestige. To build up their social status, some servicemen have indiscriminately added titles to their business cards, such as "director" of this factory, "manager" or "business section head" of that company, and "member" or "director" of a wide variety of societies and associations. As some are not worthy of these titles, the prestige of the Army units has suffered.

It is not conducive to confidential nature of the Army units' work. Some of the business cards carry the Army unit designation, detailed address, and internal telephone numbers. This has undoubtedly gravely damaged confidentiality. There has been no lack of lessons in this regard. According to an armed services newspaper report on 27 March 1993, an operational staff officer called He from an Army unit stationed in a special economic zone gave his cousin in Hong Kong a business card bearing the address and classified telephone number of his unit. The result is that the classified telephone is no longer classified. A certain clerical worker called Huang also brought losses to army building by indiscriminately distributing his business cards, which have been made use of by an enemy agent.

In short, the fashion of distributing business cards in Army units has more disadvantages than advantages for army building and should arouse the close attention of the department concerned. It is necessary to adopt effective measures to step up guidance and management, especially to strictly observe security discipline.

Economic & Agricultural

Li Peng Invites Ox Farm Head To Visit Zhongnanhai

HK1602153894 Beijing RENMIN RIBAO in Chinese
9 Feb 94 p 2

[Article by Li Wenhong (2621 2429 3163) and Zhao Zhensheng (6392 2182 5116): "The Premier Invites an Ox Farm 'Commander' To be His Guest at Zhongnanhai"]

[Text] The heart of the people's premier and those of the people beat as one.

It happened on 26 January, that is mid-December in the lunar calendar. Premier Li Peng's residence in Zhongnanhai was filled with a warm and joyous atmosphere.

"We express our thanks for the premier's concern, and extend our New Year's greetings to the premier on behalf of Sanhe's 400,000 people!" "Thank you! You're welcome. I extend my New Year's greetings to Sanhe's people, too!"

That was an unforgettable moment. At the invitation of Premier Li Peng, Li Fucheng [2621 4395 2052], manager of Fucheng Ox Farm Group Company, who has the reputation of being the "Commander of the Ox Farm Business in Eastern Beijing," and Sanhe Mayor Liu Xueku [0491 1331 1655] arrived at the premier's house as his guests at 1030 that day.

A year before, on 22 January 1993, that is New Year's Eve on the lunar calendar, Premier Li Peng braved the bitter cold and made a special trip to Sanhe's Li Fucheng Ox Farm on an inspection tour to extend New Year's greetings to the peasants, and wrote an inscription calling for "developing the ox farm business in a big way, utilizing crop stalks as fodder, with cow dung returned to the field to promote a sound cycle of agriculture." Now, a year had passed. How had Sanhe developed? The premier showed great concern about that.

Thrilled, Li Fucheng and Liu Xueku reported to the premier. Over the past year, 30 million yuan had been invested, and the semi-mechanization transformation of the ox farm, a slaughterhouse with a processing capacity of 70,000 head per year, a fodder-processing factory with an annual output of 40,000 tonnes, and a winery with an annual output of 2,000 tonnes of liquor and 10,000 tonnes of distillers' grains had been completed one after another. At the same time, a beef-marketing department had been set up in Beijing. The Fucheng Ox Farm had already expanded into the Fucheng Ox Farm Group Company; its fixed assets had grown from the original 12 million to 40 million yuan, and it had become an ox farm group company of the largest scale across China. At the same time, five branches of the ox farm had been newly built in Chengde and other places. The number of oxen on hand and the number slaughtered had increased from 2,000 and 5,000 head respectively in 1992 to 4,500 and

12,000 head respectively, both doubling. In addition, the group company had brought along 150 peasant households to go in for ox farming, and their output had also increased by 50 percent over 1992.

In accordance with the premier's instruction, Sanhe regarded the Fucheng Group as the locomotive and developed ox farming in a big way. In 1993, the number of oxen bred was 68,000 head, and 170,000 tonnes of crop stalks were consumed, accounting for 90 percent of the volume of stalks of the whole city; 476,000 tonnes of cow dung were produced, with the area of farmland thus fertilized expanded; and consequently the annual grain output increased by some 10,000 tonnes, a record high....

Hearing this, the premier was very happy, and said: "The peasants will become well-off on the strength of agriculture, and Li Fucheng is precisely a typical example of a peasant becoming rich through agriculture."

The topic now centered on intensive processing in ox farming. The premier said: "With greater numbers of oxen, it is imperative to keep an eye on the market. To develop the economy, nothing can be separated from the market. In slaughtering oxen, our beef may enter Beijing's large hotels and restaurants as a substitute for imports; cowhide involves intensive processing to turn out leather, which can be manufactured into leather coats, luggage and other things."

Comrade Zhu Lin threw in a few words when she heard that the Fucheng Group had already drawn up a plan to start a tannery in the following year, saying: "Should you start a tannery, it must turn out high grade leather; advanced equipment must be imported for that purpose."

Upon hearing that Sanhe had already changed from a county to a city, and entered the ranks of the 100 most advanced cities in China, the premier said: "I knew it; my congratulations. What is your position in the list?"

"Seventy-eighth," Liu Xueku answered.

"You should work harder. I hope that you will mount a higher plane in the new year." The premier encouraged them and pinned high hopes on them with deep feeling.

The premier also asked about the conditions of Sanhe's industry, township and town enterprises, and development zone, and cordially said: "You are very close to Beijing, and the city enjoys very special geographical advantages. You should do a very good job of running the development zone. You should grow a variety of vegetables to enrich Beijing's marketplace!"

Time flew; soon an hour or so had passed. Li Fucheng and Liu Xueku could hardly tear themselves away when they said goodbye to Premier Li Peng and Comrade Zhu Lin, and they hoped the premier would take care. The premier was in very good spirits; he stood up and said: "I'm in pretty good shape! Thank you! Come, let's have a picture taken together." The premier held Li Fucheng

with one hand, and Liu Xueku with the other. Thus a staff member aimed his camera and recorded this precious moment...

'Grim' Economy Forces Delay of Banking Reform

HK1702073094 Hong Kong MING PAO in Chinese
16 Feb 94 p A8

[By special reporter Chang Chih (1728 7459): "Implementation of Plan To Change Specialized Banks Into Commercial Banks Is Postponed"]

[Text] The economic reform package in China has not been smooth. Due to the grim economic situation, some plans for financial reform, such as changing state-run specialized banks into commercial banks, have had to be postponed.

According to informed sources in Beijing, the reform to unify the yuan exchange rate announced by the central government this year has caused the yuan to depreciate by 50 percent in a hidden form, and the negative effect of this measure is that it has greatly stimulated inflation, which was already very serious in China. As a result, persons in economic circles in China have drastically changed their views on China's economic situation this year; among these, Vice Premier Zhu Rongji's think tank also generally holds that inflation in China is the most important problem at this time.

Zhu Rongji pointed out at an internal meeting last month that, in light of this situation, this year, China must strictly control the volume of currency issued; he also demanded that various localities strictly control the scale of credit within their plans and should refrain from exceeding them by a single cent.

Due to the grim economic situation, some reform measures have had to be postponed. Zhu Rongji pointed out that financial reform must be slowed down, and while the People's Bank of China can still change to the status and function of a central bank according to schedule, changing state-run specialized banks into commercial banks must be slowed down, and he pointed out that this was a long-term task.

According to information, this decision by Zhu Rongji is mainly based on two reasons: first, due to the high inflation rate, China must control the volume of currency issued; however, other regulatory and control measures are very limited at this time, so China can only tighten the money supply through controlling bank credit. Therefore, for a long period to come, controls over the scale of credit issuance by China's banks cannot change, while the commercialization of specialized banks can hardly be promoted.

In addition, state-owned enterprises have been slow in changing their operational mechanisms, nor can they really take sole responsibility for profits and losses. Therefore, specialized banks, which are there to provide funds to state-owned enterprises, cannot handle their

deposits and loans for purely commercial reasons; as a result, if reform of state-owned enterprises cannot provide specialized banks with an appropriate environment, specialized banks cannot really change into commercial banks.

According to information, one of the most important measures to support the unification of the yuan exchange rate—work to build an exchange rate transaction system among the banks—has not been smoothly prepared. An informed source pointed out that because various departments are still arguing on the concrete plan for an interbank transaction system, it is not optimistic that the original plan can be implemented on 1 April this year.

In addition, a relevant person disclosed that, at present, "debt chains" among state-run enterprises throughout the country have already swollen rapidly to nearly 100 billion yuan, and some persons hold that these debt chains are largely the result of the tightening of the money supply which began last July when the central government carried out macroregulation and control.

Bank Savings Deposits Rise 'Dramatically'

HK1602131794 Beijing CHINA DAILY in English
16 Feb 94 p 1

[By Wu Yunhe: "Despite Festival, Savings Soar"]

[Text] Bank deposits have risen dramatically across the country since the beginning of this year, despite the traditional shopping spree during the New Year and Spring Festival holidays, according to official sources.

By the end of January, personal savings in domestic banks hit a total of 1,490 billion yuan (\$172.1 billion), an increase of some 3.7 billion yuan (\$426 million) over December.

Of the total, fixed time deposits accounted for some 70 per cent, which enhanced the lending strength of the country's banks for the national economy.

Analysts say the savings increase indicates that the country's high interest-rate policy still poses significant attraction for people to keep their savings in the banks, thus easing inflationary pressure on the domestic market.

"In an effort to encourage deposits, the bank saving interest rate is at its highest since China launched economic reform in 1978," said Zhou Rongfang, an official with the Interest Rate Department of the People's Bank of China, the central bank.

In January, the Industrial and Commercial Bank, a leading savings bank, saw individual savings in its Beijing, Tianjin and Shanghai branches increase almost 2.2 billion yuan (\$255 million) from the previous month.

Li Lan, a bank official, said that the corporate bonds and shares in the securities exchanges have not yet become attractive enough to draw money away from bank savings.

Ordinary Chinese still believe the best way to protect their savings from devaluation is to rely on the bank saving interest rates, which now stand at an annual rate of 10.98 per cent for one-year fixed deposits," he explained.

Many Beijing depositors say that they knew little about the shares listed in the stock exchange, and were unwilling to take the risk of investing their lifetime savings in them.

"We are counting on our bank savings to support our children's education and the opportunity of buying an apartment—the biggest item on the spending list of most Chinese consumers," said Xiao Wang, who, along with his wife, work for a foreign-funded firm in Beijing.

Zhang Qingshou, Vice-President of the Industrial and Commercial Bank, said his bank will carefully use its saving deposits, which are the source for more than half of its bank loans, to ensure a sound implementation of its lending plan this year.

This year, more than 60 per cent of the bank's loans are expected to support the country's industrial enterprises, and the rest will be earmarked for commercial loans, Zhang said.

Prompted by the strong backing of bank loans and the buoyant domestic market, the country's industrial enterprises also saw their output grow 33.2 per cent in January over the same period last year.

A constant rate of production, said an official with the State Statistics Bureau, was, to some extent, driven by improvement in product sales.

The bureau's figures show China's retail sales reached 119.2 billion yuan (\$13.8 billion) last month, an increase of 22 per cent from the same month last year.

Journal Views Money Policy in Market Economy
HK0902094094 Beijing JINGJI YANJIU in Chinese No 12, 20 Dec 93 pp 37-44

[By Zhao Haikuan (6392 3189 1401) of the People's Bank of China Financial Research Institute, edited by Wang Yi (3769 3085): "Monetary Policy Under the Socialist Market Economy"]

[Text] The 14th CPC National Congress unequivocally stated that: "the aim of the reform of our economic structure is to establish a socialist market economic structure." The question which needs to be studied now is what monetary policy should be adopted under such an economic structure in order to further develop the productive forces.

I. The Socialist Market Economy Still Needs a Stable Monetary Policy

Under the socialist market economic structure, we must continue to implement a stable monetary policy because, only in this way, will the national economy be able to maintain the following desirable elements:

1. The coordinated, sustained, and rapid development of production.

Under the socialist market economy, the operation of the economy and the deployment of resources as a whole will basically be regulated by market forces instead of mainly through planning as was the case in the past. Regulation by market forces must be realized through the money medium. Thus, only by maintaining a stable money market will production be able to develop in a coordinated, sustained, and rapid manner. On the other hand, according to our experience in the 40 years and more since the founding of the People's Republic, and especially in the more than 10 years since reform and opening up, inflation upsets the existing economic structure, disrupts the production order, and results in abnormal economic development. Let us take the situation after the beginning of reform and opening up as an example. An important cause of inflation during this period was the fact that investment in capital construction increased by too great an amount too swiftly. Blind investments produced and intensified the economic imbalance. When this state of affairs became so serious that capital construction funds were not forthcoming and there was a serious shortage of capital goods, readjustment became necessary. For example, in order to halt inflation in 1988, a policy of rectification and readjustment was introduced in the fourth quarter. The result of this was that by early 1990, industrial production was sluggish and the market was slow. There was serious stockpiling of finished products and arrears in payments. The economic performance of enterprises had declined and economic development had suffered.

Is it possible, in times of inflation, for the original production pattern to be affected not or for production order to not be disrupted? No, it is not possible.

Fundamentally, the effect of inflation is to change the patterns of production and resource distribution. If it does not change the pattern of production and resource distribution, inflation becomes a phenomenon of no real significance. With all other conditions remaining the same, if money supply is doubled and divided equally among the various economic sectors, units, and individuals in accordance with the original pattern of distribution, then the money supply increase will neither bring any benefit nor harm. Although prices will double, the fact that the money in people's hands has also doubled means everything will be the same. It will just be that the current two yuan note will be worth the same as a one yuan note in the past. This was what happened in 1954 when new one yuan notes were issued as replacements when the old 10,000 yuan notes were withdrawn. In reality, however, additional money supply cannot be

divided so equally. Quite the contrary because, due to a combination of reasons both subjective and objective, some people end up having more money and others less after inflation; some enterprises are able to grab large quantities of commodities in short supply, while others have difficulty satisfying their normal needs. There is thus bound to be a blind redistribution of funds and materials in society. The original production pattern will be upset and economic development will suffer. This is true under a planned economic structure and also in the process of economic structural reform. Under the socialist market economic structure when microeconomic activities are no longer subject to the restraints of central planning and the guidance of administrative units at the higher levels, and are basically dependent on market forces, this is even more true.

2. Making full use of the material resources of society.

The fundamental factor determining the speed of our economic development is goods and materials. Since we already have an abundance of labor supply, we will be able to develop at a high speed provided that we have sufficient goods and materials. If we have a shortage of goods and materials, development will slow down. This basic condition will not change under the socialist market economy. During inflationary times, people will anticipate that prices will further escalate, and goods and materials will be in short supply, and thus they will strive to stock up more, especially those goods in great demand. Subsequently, some enterprises will have stocks that exceed their normal needs. The resultant stockpiling will render it impossible to bring into full play the limited material resources of society and this will further aggravate shortages and production and construction will be subject to even greater material resource restrictions.

When inflation occurs, people prefer goods to money. This mentality also has an impact on the consumer goods market. With people buying more consumer goods than they need, the limited supply of consumer goods cannot be reasonably distributed, with the result that the actual needs of the majority cannot be met.

3. Raising more funds for construction.

Under the socialist market economy, economic development will accelerate and more construction funds will be needed. Personal bank deposits and the purchase of various types of bonds will continue to be an important source of funds for economic development. In the primary distribution of national income, due to various constraints, it is not possible to retain too great an amount of the funds for construction. On this basis, in order to further increase construction funds and accelerate development, it is necessary to increase bank savings deposits and rationally issue bonds so as to turn more consumption funds into production funds. Absorbing people's savings deposits and selling them bonds is a means of financing which only requires people to temporarily assign the use rights of their money

without changing the ownership and payment is offered for the concession. This method of raising funds for construction can truly increase the volume of construction funds, without changing the balance between total supply and total demand, since all that it requires is to use those material resources set aside for consumption on production instead. It can also increase people's incomes or provide them with safeguards against inflation so that they can relax and really devote their energy to work. However, people will only show a positive response to deposit-taking and bond issues if the currency is stable. If inflation occurs, prices go up, money depreciates, and interest rates fall below the degree of devaluation and people will not only fail to get any real interest by putting their money in savings deposit accounts or buying bonds but will also not be able to even maintain the value of their principal. In times like these, bank savings deposit balances and the amount of bonds purchased will not increase and may even drop as a result. This is precisely what has happened in the past. In 1988 China was hit by inflation. In the first seven months of that year, the increase in the balance of urban and rural savings deposits was 4 billion yuan less than in the same period of the previous year. In August, the balance was 2.6 billion yuan less than the July figure, and the annual figure was tens of billions of yuan less. In the first half of 1993, inflationary pressure increased and national retail prices were up by 10.5 percent. Between January and the end of June, urban and rural savings only increased by 124.4 billion yuan, 9 billion yuan less than in the same period the previous year. Sales of state bonds were slow. Although the state could increase its note-issue funds by issuing more bank notes, inflation would reduce bank savings deposits and funds obtained from bond issues. Thus, for the country as a whole, the issuing of more bank notes will not in fact increase the pool of funds, while the reduction in savings deposits and bond sales means that material resources that could have been used in economic construction will be spent on consumption and this implies a real cut in funds. Hence, inflation definitely leads to a reduction in funds for national construction.

It must be pointed out that when we spoke of savings and bonds in the previous paragraph, we did not touch on the question of the purchase of shares by individuals. This is because, unlike savings deposits, the purchase of shares is an act of direct investment. The value of shares changes with the financial and profit-making capabilities of the shareholding companies and automatically serves as a guarantee for value in times of inflation. However, as inflation escalates, shareholding companies will not be able to conduct normal production and operations. Profits from production and operations will drop and dividends will fall as a result. This will also dampen people's enthusiasm for share purchases.

4. Giving full scope to the enthusiasm of the broad numbers of workers for labor.

Under the socialist market economy, it is necessary to keep workers' wages at a reasonable level when turning

production factors into commodities. This is also dependent on the stability of currency value and prices. When currency value and prices are stable, the broad numbers of workers will not have to worry about the devaluation of their income and it will be possible to fully arouse their enthusiasm for labor. If inflation and price rises occur, workers will find their real income diverging from their nominal income and some will even find their real income slashed. Even if the state continues to provide price subsidies, it will be impossible to make up for the losses incurred by individual staff and workers because losses due to devaluation are shared by people's monetary income, savings deposits, and cash in hand and cannot be entirely offset by increased subsidies. Ours is a socialist country where the masses of the people are masters of the country. Workers and other people will understand and accept the need to rationally control the growth of consumption funds in order to more rapidly develop the economy. However, they will have objections if inflation occurs and part of the value already in their hands is taken away. In a socialist market economy, people's income will generally increase and the extent of income growth will exceed that of price rises. Does this mean they are willing to accept inflation? Under the circumstances, they will naturally be less resentful of inflation, but it will be impossible for them to have no objections at all. Since the beginning of reform and opening up, people's income has generally gone up swiftly and the increase far exceeds the average extent of devaluation. During the inflation of 1988, some people complained about various things although their living standards were in fact much better than before. If inflation has too great an impact on workers' income, so much so that many workers are finding their real income slashed, social stability and unity will also be adversely affected.

II. The Socialist Market Economy Has the Objective Possibility of a Stable Currency

The reason for this is that most of the factors of inflation can be eliminated after the establishment of the socialist market economic structure.

As we all know, inflation has occurred a number of times since China's reform and opening. We had inflation in 1985 and 1988. Inflationary pressure was also strong in 1993. In most cases, inflation was the direct result of over-extended investment in fixed assets, excessive growth of consumption funds and huge financial deficits. On a deeper level, it was because, in the current process of reform, the original mechanisms which restrained inflation had been weakened but new mechanisms of restraint suited to the socialist market economic structure had not been established. Also, the macrocontrol mechanism was in a situation where the old had been dismantled while a new one had not yet been put in place. After entry into the socialist market economy, internal mechanisms of restraint against inflation will be developed and there will be objective conditions for a stable currency.

1. Investment entities will have a self-restraint mechanism in respect of their investment in fixed assets.

Prior to reform and opening up, all investments in fixed assets were controlled by the state through mandatory plans and funds were basically allocated by the state's financial administration. Although this system was not conducive to arousing the enthusiasm of different localities, departments, and enterprises and needed to be reformed, it was a very effective system of control. As long as suitable arrangements were made by the state in respect of investment in fixed assets, the scale of investment would never become over-extended.

Since the beginning of reform and opening up, investment entities have become more diversified and the scope covered by state investment plans has been narrowed. Although this has had the effect of arousing the enthusiasm of all quarters for economic development and invigorating the economy, it has also weakened the state's control of the overall scale of investment in fixed assets. Since the Chinese economy is still rather backward, everyone hopes to speed up economic development and put this backwardness behind us as quickly as possible. This, coupled with the lack of clearly-defined responsibility for decisions made in respect of investment in fixed assets, caused leaders of some localities and departments and the directors and managers of some enterprises to overlook the importance of feasibility studies and to go after quick results. They blindly increased investment in fixed assets and launched new projects, such as embarking on 10 billion yuan projects when they only had 8 billion yuan. As a result, the overall scale of investment in fixed assets has always been over-extended in recent years, especially in years of inflation. Even if we do not concern ourselves with questions such as whether or not there are any circulating funds and whether or not production can be well coordinated after the completion of the projects, when all funds are invested in fixed assets, the bank will have to issue more bank notes and this will lead to inflation. Assuming that the ratio of circulating funds to fixed capital is 3:7 for most enterprises, and assuming that a locality has 100 billion yuan available for economic development in a particular year, theoretically speaking, they should set aside 70 billion yuan for investment in fixed assets and 30 billion yuan for circulating funds. If all of the 100 billion yuan is invested in fixed assets and circulating funds amounting to 43 billion yuan are needed for various support programs after the completion of the project, it will mean that they have made plans for 143 billion yuan when they only had 100 billion yuan. This is an important reason why we have had an imbalance in construction funds and have been hit by inflation time and again in recent years.

Following the establishment of a socialist market economy, the overwhelming majority of state-owned enterprises will become limited shareholding companies or limited liability companies and property relations will

be straightened out. Collective enterprises, private enterprises, and Sino-foreign joint ventures will have a considerable weighting in the national economy. Investment in fixed assets in society will mainly be undertaken by different types of enterprises and returns on investment will be closely tied to the personal interests of the enterprise decisionmakers. The enterprise decisionmakers will exercise great prudence in matters of investment. They will carefully consider and study the feasibility of investment, the product sales after the completion of the projects, as well as the size of returns and generally will not act blindly. In this way, the problem of the over-extension of investment in fixed assets can basically be avoided.

2. Enterprises will also exercise self restraint in respect of their consumption funds.

Prior to reform and opening up, China had a unified wage system, where wage grades and levels were centrally fixed by the state. Without arrangements and planning by the state, no locality or unit had the power to change the wage levels of its workers. At that time, bonuses and other expenditures in respect of workers were scant and were fixed by the state. Provided that appropriate arrangements were made by the state, consumption funds would not inflate.

Since the beginning of reform and opening up, the original mechanism of restraint on consumption funds has basically lost its effect. Since a new mechanism of restraint has not yet been fully developed, control over consumption funds has been weakened. This makes it possible for desires cherished by workers for higher wage and bonus levels to assert themselves.

At present, state-owned enterprises play a dominant role in the economy. The operational mechanism of the majority of these enterprises has yet to see a significant change. Directors and managers not only have the same fundamental interests as their staff and workers but also enjoy basically the same direct economic benefits. This was the ideological foundation which enabled directors and managers to unify all staff and workers and work with one heart and one mind in making their respective enterprises a success. This was the strong point enjoyed by state-owned enterprises. However, the fact that directors and managers enjoy the same economic benefits as their staff and workers also deprived enterprises of the ability to control their own consumption funds. Staff and workers hoped to have higher wages and more bonuses. Out of personal interest, directors and managers also wanted the same.

Moreover, there has been an increase in the number of shareholding enterprises, private enterprises and foreign-invested enterprises since reform and opening up and the wage levels in these enterprises are much higher than those in state-owned enterprises. In the wake of the invigoration of the economy, some people made a fortune after quitting their jobs for business. This set an example for others and strengthened the desires of

state-owned enterprises and institutions, state organs, organizations, and military units to raise the wage levels of their employees. This in turn encouraged these units to raise the wage levels, bonuses, and other fringe benefits for their staff and workers without authorization, thereby causing the consumption funds to inflate.

Following the establishment of the socialist market economic structure, not only will the interests of the decisionmakers in collective enterprises, private enterprises, and Sino-foreign joint ventures be tied to the profits or losses of their respective enterprises but the income of the decisionmakers in limited shareholding companies, limited liability companies, and state-owned enterprises will also be tied to the performance of their respective enterprises. This will separate the interests of the enterprise decisionmakers from those of the staff and workers. If an enterprise has a high wage level, its costs will increase and its profits decrease, meaning that its decisionmakers will earn less. Conversely, if the wage level is reduced, costs will decrease and profits will increase, meaning that its decisionmakers will earn more. If the income of the decisionmakers is too high and the wage level of workers is too low, the latter will find this intolerable. Similarly, the decisionmakers will also find an unduly high wage level for workers unacceptable. This will guard against a situation where consumption funds expand faster than economic growth.

3. The government function will undergo a change but the power of macrocontrol will still be in the hands of the central government.

Prior to reform and opening up, economic operation was led and managed completely by the government. Since reform and opening up began, enterprises have been given increasingly greater autonomy. Although the function of the government in direct economic management has been weakened, local governments still bear considerable responsibility for the development of their local economies. Since local governments are elected by the local people, they all hope to provide more tangible benefits for their people. In particular, they hope to start more projects to bring about faster economic development. Of course, the local people will benefit from any new projects launched. However, since the renminbi is a national currency and the money market is unified, losses resulting from devaluation due to overdevelopment in one place are borne by the whole nation. Thus, local governments often ignore the need to strike a balance between total supply and total demand, thinking that this is mainly the responsibility of the central government. Instead, they vie with one another to launch more projects and demand more construction funds. Even when total supply and total demand fail to balance, some still say that "other places have 'overheated,' we have not even started 'heating up.'" They still hope that none of their projects will be slashed and some even hope that they will be allowed to launch more projects. We can understand why they all want to speed up their own economic development. It provides the drive for national economic development and is a good thing.

However, ignoring the need to strike a balance between total supply and total demand and putting too much emphasis on speeding up local economic development will adversely affect the sustained and stable development of the national economy. This is precisely what has happened. The successive rounds of inflation which have hit our country in recent years had a lot to do with the fact that local governments, oblivious to the need to strike a balance between total supply and total demand on a national level, blindly pooled funds, tried by all and every means to secure bank loans, and vied to speed up their local economies, with the result that money supply grew too fast.

After the establishment of the socialist market economy, the government's economic function will mainly be to exercise macroeconomic control, create a fine environment for economic development, and properly manage state-owned assets. Meanwhile, the government will rely mainly on economic and legal means, supplemented by the necessary administrative means, to influence and manage the microeconomy. The functions and powers of the central and local governments in the management of the economy will be clearly divided. The power of macroeconomic control will be in the hands of the central authorities. The local governments will only be able to give positive support to, and will not be able to interfere with, the central government's macrocontrol measures.

4. An effective macroeconomic control mechanism will be established.

In order to ensure the smooth development of the national economy, it is necessary to establish a macroeconomic control mechanism that can ensure effective control of the macroeconomy while invigorating the microeconomy. This means that we must rely mainly on economic measures in effecting regulation and control. However, in the process of economic structural reform, because of the low percentage of business-oriented enterprises in the overall economy, the use of economic measures to effect regulation and control is still not able to achieve the desired results. For example, the central bank tried to keep a lid on loans by raising interest rates but this failed to get major state-owned banks and enterprises to reduce their demands for credit funds. The reason is that these state-owned banks and enterprises did not attach the necessary importance to cost and profits and would pay any amount of interest to get more funds. By raising the deposit reserve rate, the central bank had weakened the ability of major state-owned banks to generate more deposits and expand loans. However, if they faced a shortage of credit funds as a result and could not accomplish the prescribed lending tasks, particularly policy-lending tasks, the central bank would have to increase its loans to them to make up for their shortage of funds. Thus, for the time being we can only rely on administrative measures, that is, management by quota, to control total credit and money supply. However, since economic activities as a whole have been

invigorated and the concept of planning has been weakened, administrative measures are no longer as effective as before. Many localities have successfully bypassed the quota restraints in obtaining more state credit funds. According to estimates by the departments concerned, between 1992 and the first half of 1993, apart from the more than 100 billion yuan obtained through inter-bank borrowing and bank credit as mentioned above, an additional 100 billion yuan and more had been pooled through blind fundraising. Although funds thus raised were directly borrowed by enterprises or local governments from the masses, most of the money still came from bank deposits or deposit sources (that is, money which people intended to deposit into their bank accounts). The issuing of shares and bonds by enterprises is an important measure for transforming the operational mechanism of enterprises and, as such, should be supported and promoted. However, if overall arrangements are not properly carried out and banks are not suitably relieved of some of their lending tasks after enterprises have sucked up credit funds through issuing shares and bonds, bloated credit and inflation will occur.

After the establishment of the socialist market economy, the People's Bank of China, as the central bank, will free itself of various types of business activities and will take the strengthening of macroeconomic control and the safeguarding of the value of the renminbi as its most important tasks. Policy-lending banks have now been established. They will take over the general banking activities currently handled by the central bank, as well as the policy-related banking business which is currently handled by major state-owned banks and which must be placed under the direct management and control of the government. Various major state-owned banks have already been turned into commercial banks. Meanwhile, a number of national joint-stock banks have been established. In this way, there is keen competition between financial institutions in the urban and rural areas and in areas such as foreign exchange. The money market has been further liberalized and standardized and interest rates have also been liberalized in a controlled way. Moreover, a modern enterprise system has been established and the concepts of profit and interests have been strengthened in the whole society. An effective mechanism of macroeconomic control will soon take shape, after which it will be possible to keep currency value and prices basically stable.

III. Strengthen Control and Stabilize Currency Value

In the first half of this year, retail prices on a national level were up by 10.5 percent, while savings deposits by urban and rural residents between January and late June increased by only 124.4 billion yuan, or 9 billion yuan less than in the same period of last year. Faced with a new round of inflation, we must conscientiously sum up historical experiences, unify our understanding, and firmly uphold the idea of a stable currency.

1. It is necessary to further eliminate the influence of the "theory that inflation is harmless." In the 1980's, some

economists preached the "theory that inflation is harmless," which is otherwise referred to as the idea that "inflation is useful." Through the government's monetary policy, this theory became one of the causes of inflation. However, as many economists pointed out, the results precipitated by this theory, in turn, ruthlessly refuted the theory itself.

A. People who uphold the "theory that inflation is harmless" believe that inflation had the effect of "compulsory saving," thereby increasing state construction funds. This is superficial reasoning which shows a mechanical copying of Western economic theories without a thorough study of China's national conditions.

Inflation produces little "compulsory saving" in our country and, compared with the reduction in normal savings deposits, the loss far outweighs the gain. In our country, a large part of the nominal monetary funds obtained through issuing more bank notes will inevitably be used to cover the increased expenditure resulting from this. There are the following general types of money holders in China. The first type is state-owned enterprises. Other conditions being constant, the value of the money in their possession lost as a result of currency depreciation normally has to be made good through financial appropriation or additional bank loans. If this is not done, they will have to reduce the scale of their production and operations. The second type is government organs and organizations, armed forces units, and institutions that are dependent on financial appropriations. When depreciation of their currency holdings exceeds a given percentage, it is necessary for the financial administration to increase appropriation to them in order to maintain their normal operations. The third type is residents. In capitalist countries, the value of money depreciated may be regarded as additional taxation on individuals by the state and has the effect of "compulsory saving" but in China it does not have the same effect. Reluctant to see the people's living standards drop as a result, our party and government will, when price levels go up, suitably increase price subsidies to make up for losses sustained by staff and workers. The fourth type is limited liability companies, joint-stock companies, private enterprises, individual operations, and foreign-invested enterprises. In joint-stock companies with state capital, when inflation occurs, the value of that part corresponding to the state's share and manifested as state funds will see a reduction in value. But even so, the state will not on this basis issue more bank notes to cover this loss, thereby increasing the value of its holding and bringing about compulsory savings. The private holding will also see a reduction in the value of private capital. In times of inflation, the money held by private enterprises, individual economies, and foreign-invested enterprises will all see depreciation. However, viewed from the organization of enterprises and the economy as a whole, the situation is as follows: First, their funds mainly take the form of raw and semiprocessed materials, fuel, goods in process, and manufactured goods. They only have a small amount of cash.

Moreover, the stock of money held by most enterprises is far smaller than their bank loans. In times of inflation, when the value of money depreciates, the value of bank loans drops. With the rise in commodity prices, most enterprises will find that the value of their property has increased rather than decreased in the final settlement of accounts. Second, enterprises may pass on losses from devaluation of currency by raising the price of their products. Third, when inflation occurs and the real wages of staff and workers declines, it is possible to lower costs and increase profits by not giving staff and workers appropriate subsidies. In short, if we do not take into consideration the disruption of the production order and the losses inflicted upon production and operation and only concern ourselves with the value inventory, enterprises will not have to expend their "compulsory savings" and may obtain more wealth from society.

B. Whether or not inflation is conducive to the utilization of "idle resources" is also worth studying.

The utilization of "idle resources" is primarily a question of how we should make use of idle resources. China is a developing country. In our country, the principal contradiction of the commodity market, particularly the capital goods market, is that demand exceeds supply. When inflation occurs, some enterprises are afraid that they will not be able to buy the materials they need in time. In order to sustain production and operation, they scramble to stock up on goods and materials at the risk of losses in the form of credit interest and storage fees, thereby making the distribution of goods in short supply even more irrational and making it all the more difficult to make full use of these materials.

Second, it is a question of utilizing idle labor. With the huge number of people unemployed in capitalist countries, there is a great waste of labor resources. If slow inflation can stimulate economic development, it can also increase the number of persons employed and utilize more of the idle labor. However, our country's labor employment rate is very high, the speed of economic development is very fast, and there is no need to further boost the employment rate through inflation. Further, as has been noted above, in our country inflation is not advantageous to the full utilization of goods and materials, it cannot accelerate the speed of economic development and, speaking in overall national terms, it cannot increase the number of persons employed.

The people who uphold the "theory that inflation is harmless" say that by using inflation and issuing a little more money, a number of construction projects will very quickly be able to raise funds and "go ahead." This is true. By using this method it will be possible to complete a few more projects. However, the price we will have to pay is really too great. Actually, while the issuing of money can be carried out in a centralized way, the devaluation of currency is generally manifested only gradually. If the original money circulation is normal and there is a basic balance between overall supply and demand, the value of the currency will be stable. If a

further 10 billion yuan in currency is issued, it will be possible to carry out some more projects. When this 10 billion yuan is put into the market and the purchase of materials needed for construction commences, it will be possible to buy the materials and the price will not rise too much. This is because: First, the tightness of materials and the decline in the value of the currency will occur only gradually after the purchasing has begun. Only after the entire amount of money has been used up in purchases will the effects be fully manifested. The purchasing occurs first and the tightness in materials and the decline in value appear subsequently. When the tightness in goods and materials, the currency devaluation, and the rise in prices caused by this are fully manifested, the newly-commenced projects have already obtained all the goods and materials they need. Second, the losses resulting from the tightness in goods and materials, the devaluation of currency, and the increase in prices caused by this 10 billion yuan are jointly borne by all sides throughout the country. For example, if this 10 billion yuan eventually gives rise to a 1 percent rise in prices, then all the money in the hands of every unit and every person throughout the country will have lost 1 percent of its value. Even during the process by which it is being used for purchases, when prices have already begun to rise, it will still buy over 9.9 billion yuan of goods and materials. From this we can clearly see that using the issuing of more money to fund new projects is actually a method of using the devaluing of money to take back some of the value represented by the funds already supplied to all sides. This results in some enterprises and construction units being unable to obtain the goods and materials they had planned on using. Thereby, some enterprises cannot complete their production plans and some construction projects cannot be completed on time. Very clearly, using the increased issuing of money to fund some more construction projects is done at the cost of some other enterprises being unable to complete their plans and the completion of some construction projects being delayed. Using the issuing of money to fund more new construction projects is, both from the overall and long-term viewpoints, truly not worthwhile.

Second, in terms of monetary policies, we should negate the theory of dual goals and establish the single goal of stable currency. In our country's economic circles, some persons have advocated implementing a dual-goal monetary policy. That is, they advocate a stable currency value and stable prices together with support for economic development as concurrent economic policy goals. They hold that while formulating and adopting monetary policies, it is necessary to consider both the stability of the currency and also ensure that the policies are beneficial to economic development. The people who uphold this view say that while ensuring the stability of prices does provide a necessary condition for economic growth, it is only when there is economic development that there is a dependable base for price stability. Of course, we cannot use inflation to spur economic growth but, likewise, we cannot seek currency stability just for

the sake of currency stability. A stable currency and the development of the economy should complement each other.

If monetary policy could concurrently achieve these two goals, naturally, it would be ideal in the extreme. However, the experience of our country over many years indicates that the result of implementing dual goals is not beneficial to currency stability. Over the last 10 years and more, our country has seen repeated bouts of inflation. This was related to the dual-goal monetary policy we actually implemented. The governments of socialist countries are the organizers and managers of economic construction, the ones who require the funds for construction as well as the controllers of money-issuing powers. This is like a situation where when one hand needs money, the other hand produces it. It is thus very easy for excessive issuing of money to occur. In implementing a firm policy of currency stability, it may sometimes happen that there is excessive money supply. If we implement a dual-goal monetary policy, it will be easier for there to be excessive supply of money on the pretext of supporting economic development, thereby leading to inflation.

On the basis of experience over many years, we must firmly negate the "theory that inflation is harmless" and the "theory of dual goals," and take stable currency as the only goal of the central bank's monetary policy. Only if the currency is stable will it be possible for the economy to see sustained and smooth development. A stable currency is a precondition for economic development. If the central bank can maintain a stable currency market for society, it will make the greatest contribution to economic development. As compared with increasing the supply of money to support more construction projects, the importance of maintaining a stable currency market is far greater. This is very obvious. The benefits of building projects in excess of objective conditions are immediate and limited while the harm this brings is overall and deep.

The reason we do not agree with the dual-goal theory, instead stressing a stable currency as the sole goal of monetary policies, and urge the implementation of stable money policies is that a stable currency and stable prices as a goal is on a different level to economic development. A stable currency value and stable prices is a direct goal of monetary policies while developing the economy is also one of the major goals of a stable currency and stable prices. In other words, developing the economy is a goal of the monetary policy but an indirect and higher-level goal. Upholding a stable currency as the sole goal of monetary policy does not mean ignoring economic development but is aimed at putting in order the relationship between a stable currency and economic development to support faster and better economic development.

If we make economic development one of the direct goals of monetary policy, the point of departure will be stressing economic development but actually this will

reduce the important position of economic development. Developing the economy is the overall goal of various types of economic policies. Of course, this naturally includes monetary policies but it should not be the direct goal of monetary policies. At the same time, this causes a dispersal of the attention of monetary policies and concentration cannot be centralized on maintaining a stable currency. This is not beneficial to the stability of the currency or of prices and eventually will be disadvantageous to the development of the economy.

Believing that monetary policies should have dual goals is, to a certain degree, putting economic development in opposition to currency stability and suggests that stable currency is not beneficial to economic development. However, we have noted above that only with a stable currency can the economy see smooth development.

In brief, only by taking a stable currency as the sole goal of monetary policies can we implement firm and stable money policies. In a situation where paper money is circulating, only by implementing such a monetary policy will it be possible to truly stabilize money and develop the economy more swiftly.

Third, strengthening macroeconomic regulation and control to strive for the stability of currency and prices. In order to truly stabilize currency value and prices at present, it is necessary to fully understand the money market in a timely way and use various sorts of relevant economic measures flexibly to do well in macroeconomic regulation and control. The state should clearly set down that the central bank must take as its major tasks doing well macroeconomic regulation and control, and guaranteeing the stability of currency value and of prices, and require that it puts all of its efforts into this. At present, the focus of macroeconomic regulation and control must continue to be placed on controlling the money supply and, through this on, achieving a balance between total supply and total demand and the stability of currency and prices.

What is referred to as the total volume of money supply is the amount of cash and transfer funds put into the market. This is formed through the utilization of funds by banks. Of the funds used by banks, 95 percent are credit funds and, thus, basically these are formed by bank credit. The funds activities by other sectors of the national economy can only affect the speed of turnover in the distribution of money in society. That is, they can transfer money from their sector to other sectors and they can accelerate or slow down the the speed of turnover of money but they cannot directly increase or reduce the supply of money. The financial administration's receipts and expenditure are also like this. In a situation where receipts and expenditure are balanced, the finances are obtained from society and used in society. They only increase the number of times money in society is turned over and carry out the redistribution of the volume of money in society. When surplus or deficits occur, although the amount of social money which the financial administration draws in from society

may increase or decline, this is realized through increasing or decreasing the savings account which the financial administration has in the banks or through borrowing or overdrawing from the bank. In the end, it is still changes in bank credit influencing the total volume of money supply in society. Of course, this is not to say that the influence of the economic activities of non-banking sectors on total social demand is negligible. On the contrary, the economic activities of these sectors are the basis which determines whether or not the flow of money is normal and whether or not the value of the currency is stable. That is to say, the banks are the source of the social money supply and, more precisely, the central bank.

Thus, the central bank should now continue to carry out regulation and control of the total volume of credit in the whole society and use this to regulate and control the total volume of money supply in the whole society. As to regulation and control measures, of course we cannot continue to use management by quota. Rather, we should use mainly economic measures, such as central bank credit rates, deposit reserve rates, and open market business. Only by controlling the amount of credit and the volume of money supply in the whole society will it be possible to achieve a balance between total social supply and demand and will it be possible to achieve stability in currency value and in prices.

Processing Trade Increases to \$0.6 Billion

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[By Wang Yong: "Processing Trade Hits \$80.6b, Up 13 Percent in '93]

[Text] China's processing trade showed a 13.4 percent growth in 1993, hitting \$80.6 billion.

However, this was tempered by a narrowed surplus margin due to sluggish export prices, Chinese Customs announced yesterday.

The processing trade is defined as the importing of raw materials and processing them into higher value-added finished goods before exporting them.

The volume accounted for almost half of the country's overall foreign trade of \$195.7 billion last year.

A large number of Chinese enterprises, mainly in the eastern coastal region, have been engaged in processing imported raw materials for exports during the last few years, taking advantage of local cheap labour.

There now seems to be potential, however, for more of the processing trade to extend into the hinterland areas, as coastal regions switch to more capital- and technological-intensive projects.

The Customs figures put China's surplus of processing trade at \$7.9 billion, down from the 1992 level of \$8.1 billion.

It was the third consecutive drop in such surplus since 1991, and Customs officials have predicted a further decline despite continued growth of the export volume.

The exports in the processing trade picked up 11.7 percent to total \$44.2 billion last year, accounting for 48 per cent of the country's overall exports.

The imported raw materials were valued at \$36.3 billion, up 15.4 percent.

The major export items (made of processed raw materials) included machinery and electronics, garments, shoes, textiles, dolls, luggage, plastic products and so on.

The exports of machinery and electronics made of foreign raw materials were \$16.2 billion, making up 71.5 per cent of China's total exports in that sector.

The bulk of the country's overall exports of garments, luggage, shoes, dolls and woven units were made of raw materials which were supplied mainly by Hong Kong, Taiwan, Japan and South Korea.

And nearly 94 per cent of China's processing trade was still centered in the coastal regions, like Guangdong, Jiangsu and Fujian provinces.

In particular, Guangdong Province offered two-thirds of the country's overall exports made of foreign raw materials.

More than half of the exports ended up in the United States, Japan and European Union (EU), with a combined value of \$24.1 billion.

And exports to Hong Kong reached \$12.9 billion, 70 percent of which are being re-exported to the U.S., Japan and EU.

Article Urges Raising Economic Efficiency

HK1602065494 Beijing RENMIN RIBAO in Chinese 4 Feb 94 p 5

[Article by the Secretariat of the "Extensive and In-depth Survey of Economic Efficiency in China": "Cultivate the Lofty Aspiration of Improving Economic Efficiency"—first paragraph is editor's note]

[Text] Raising economic efficiency is the central problem for economic work. Only when we direct the focus of economic work to raising economic efficiency and dealing conscientiously with the relationship between speed and efficiency can we maintain the sustained, rapid, and healthy development [chi xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of the national economy. In order to promote the raising of economic efficiency, as of today the committee for the extensive and in-depth survey of economic efficiency in China, and the RENMIN RIBAO Theoretical Department jointly open an "Economic Efficiency Forum" column. Readers' participation in this in-depth

discussion on ways to raise economic efficiency in the form of articles is most welcome.

Raising economic efficiency was the premise and fundamental objective for Comrade Deng Xiaoping when he was outlining his blueprint on China's reform, development, and stability. It is a key integral part of his economic theory. In his southern inspection tour addresses in early 1992, with characteristic historical perception and courage to take on the future, Comrade Deng Xiaoping stressed more than once the problem of raising economic efficiency, and he urged the people of the whole nation: "In future modernization, it is both necessary and within our grasp to achieve a certain number of stages where there is a better rate of development and high economic efficiency. We must aspire to this!"

An intensive study of Comrade Deng Xiaoping's writings on raising economic efficiency helps us understand Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party Central Committee's overall strategic layout for speeding up the establishment of a socialist market economy system in order to promote economic development and social progress.

1. "Work for Efficiency in an Down-to-Earth Fashion"—Relationship Between Efficiency and Development

Speeding up development and turning our country into a socialist power were the lifelong ideals and goals for proletarian revolutionaries of the older generation like Mao Zedong, Zhou Enlai, and Deng Xiaoping, as well as the main theme forever occupying a prominent space in Comrade Deng Xiaoping's theory and practice. In the late 1980's and early 1990's, socialist China was under external pressure: The international socialist movement had entered a low tide; the world's economy was moving into different blocs and increasingly integrated; and there was the rapid economic takeoff of the Asia-Pacific circle. There were also internal difficulties: Deep-layered economic contradictions remained; there was an irrational production structure; and there had been no fundamental improvement in the low economic efficiency. At this critical juncture, where challenges and opportunities coexisted and difficulties and hopes ran side by side, Comrade Deng Xiaoping repeatedly stressed the vital importance for China's future and fate of the general development goal of speeding up development and quadrupling the GDP. He made a series of expositions on how to speed up development and achieve the general strategic goal of quadrupling the GDP, a question that turns on the mode of development.

On how to achieve the general strategic goal of quadrupling the GDP, Comrade Xiaoping makes two fundamental requirements: First, according to the ideological line of seeking truth from facts, he stresses that the economic quadrupling must not be "diluted" but "real and solid," for he is "not encouraging high speed in

disregard of practical conditions." Second, on the principle of the party serving the people, the fundamental criterion will be whether or not the people support and favor the program. He stresses that "doubling the GDP ultimately must be reflected in people's living standards, which is, moreover, a gradually rising one." "The people are highly sensitized to this problem. Our bookkeeping can in no way beat theirs, for theirs is the truest." These two fundamental requirements determine what Comrade Xiaoping stressed, that increasing the rate of development must be premised on raising economic efficiency, and the development rate he was stressing is of necessity one with good efficiency. Comrade Xiaoping has explained this clearly:

In the article "The First Decade as Preparation for the Following One," he pointed out clearly: "The target for our struggle should have been in place toward the last 20 years of this century, and that is quadrupling both industrial and agricultural output value under the premise of increasing economic efficiency."

In the article "All Tasks Must Be Conducive to the Establishment of Socialism With Chinese Characteristics," he pointed out: "We must attach importance to raising economic efficiency and should not go after only growth in output volume and value."

In his southern inspection tour addresses, he said: "Economic development in our country is such that every few years we will have to move into a new dimension. Of course, this does not mean that we are encouraging impractically high speed. We still have to be down-to-earth and value-efficient, and develop in a steady and coordinated fashion." On the question of how to speed up economic development, there have always been two models in the history of China's socialism: One is "rate-pulled efficiency." The traditional planned economy increased the rate of economic development mainly through expanding investment, opening up new fronts, and launching new projects. The economy was pulled into high-rate growth momentum by means of speed, and particularly by means of expanded fixed-asset investment, which naturally also raised economic efficiency. We can say that this model, through inertia, still plays a role to this day. Two, the "efficiency-propelled rate," raising economic efficiency through increasing internal reproduction capacity, and from it increasing the rate of economic development. This is precisely the model Comrade Xiaoping is advocating. In the Volume 3 of the *Selected Works of Deng Xiaoping* Comrade Deng Xiaoping brought up more than once the lesson of 1958, pointing out: "The development of 'leftist' thought led to the 'Great Leap' and People's Commune Movements in 1958. That was a big mistake, and we were punished for it. During the three years of natural calamities between 1959 and 1961, industrial and agricultural output went down, and there were only a few commodities on the market. People did not have enough to eat and their production motivation suffered." "Our objective is quite realistic, and raising people's living standards is a long struggle. The several mistakes we have made since the

founding of the country all were caused by excessive zeal and unrealistically high targets, which did not match with China's practical conditions. Development actually was stalled." Only by adopting the "efficiency-propelled rate" model can we genuinely speed up the rate of economic development. This is the historical conclusion given us by Comrade Deng Xiaoping.

Guided by the spirit of Deng Xiaoping's theory of building socialism with Chinese characteristics, the "CPC Central Committee's Decision on Certain Problems Related to Building a Socialist Market Economy System" also stresses the fundamental thinking of raising economic efficiency. The "Decision" stresses: It is necessary to "raise the proportion of financial revenue in the GDP through developing the economy, raising efficiency, and expanding sources of income." We must firmly bear in mind Comrade Deng Xiaoping's historical conclusion, based on his experience and high wisdom and on the spirit of the "Decision." Only the increase of rate premised on improved economic efficiency is a genuine "undiluted" increase in rate, a genuinely and solidly fast rate, not a false and illusory fast rate! The development of China's economy must follow this development model of a genuinely fast development rate!

II. "Once Reforms Are in Order, Efficiency Comes Automatically"—Relations Between Efficiency and Reforms

Comrade Deng Xiaoping never stressed development without simultaneously emphasizing reform, because development premised on the improvement of economic efficiency can be achieved only and primarily through reform. Development by external and extensive expansion typified by the blind pursuit of rate is achievable under a traditional planned system. We will understand better Comrade Xiaoping's series of expositions on speeding up reform and opening up if we approach them with raising economic efficiency as the controlling concept.

Efficiency is the ratio between input and output, and represents products or services demanded by society. In a traditional planned system, "high input, with low output and efficiency" remained entrenched and beyond touch. "Years of experience prove that the pat traditional system is incapable of developing productive forces." To raise economic efficiency and develop social productive forces, it is necessary to shatter the old planned economy system. As early as 1978, Comrade Xiaoping pointed out sharply: "To raise the economic development rate, it is necessary vigorously to pursue the specialization of enterprises, greatly improve the technical level of the work force, conscientiously train and test workers, tighten up enterprises' economic auditing, and raise the labor productivity and capital profitability rates. Therefore, there should be significant technological, institutional and organizational reforms on all fronts. The pursuit of these reforms represents the long-term interests of people throughout the country, else we will forever remain backward in production technology

and management." He pointed out even more explicitly on a trip to Tianjin in 1986: "Tianjin Port has significantly raised its economic efficiency since its deregulation two years ago. The people and land remain the same, but economic efficiency was achieved through reform." Reform is the only and primary path through which economic efficiency can be raised. Therefore, Comrade Xiaoping said very firmly: "No one can stop China from continuing with its reform and opening up. Why? It is simple: There will be no development without reform and opening up; the economy will coast and reverse, and people's living standards will fall. The trend of reform is unchangeable."

The objective of reform is to establish a socialist market economy system, and raising economic efficiency is a basic requirement for establishing a socialist market economy system. As the ratio between input and output is determined primarily by the mode of resource allocation. Under a planned economy system, resources are allocated by a highly centralized administrative system, under which input and output cannot be rational, and there cannot be any economic efficiency (and in fact, there is none). Only under a socialist market economy system—under which enterprises are economic entities that operate independently, and are responsible for their own profits and losses, development, and restraint—can the improvement of economic efficiency become a fundamental objective for our economy. Based on Comrade Deng Xiaoping's scientific conclusion, the 14th party congress made the establishment of a socialist market economy system the objective for our country's structural reform. The "Decision" of the Third Plenary Session of the 14th CPC Central Committee then outlined a basic framework for the socialist market economy system, thus providing an institutional guarantee for the improvement of economic efficiency. Speeding up the development of productive forces and raising economic efficiency through fundamental changes in resource allocation—this is Comrade Xiaoping's outstanding and enormous contribution to the theory and practice of reform and opening up.

As reform necessarily requires raising economic efficiency, raising economic efficiency will provide a fundamental economic guarantee for the steady pursuit of reform. Comrade Xiaoping pointed out: "In the process of reform, it is good enough to keep production at a certain growth rate. We should not overreach our limits in the pursuit of high speed. Of course, it will not do if the rate is too low. The rate in the past decade was not low. If we can keep development at a relatively good rate for the next few years, we will run a much lower risk in deepening reform." Reform is the second revolution for our country. It involves an adjustment in the interest pattern and an economic reintegration. Therefore, reform must promote the improvement of economic efficiency in order to create a less demanding situation against which the deepening of reform proceeds. Otherwise there will be capital shortages and weak markets,

seriously affecting the reform process. This is the underlying truth of Comrade Xiaoping's famous dictum "once reform is in order, efficiency comes automatically."

Based on Comrade Xiaoping's thoughts, the "CPC Central Committee Decision on Certain Problems Related to the Establishment of a Socialist Market Economy System" pointed out explicitly: "Enterprises run production and operations according to market demand, and in pursuit of raising labor productivity and economic efficiency." "The development of our rural economy has entered a stage characterized by structural adjustment and raising economic efficiency. The rural economy must adapt to changes in market demand for agricultural products; optimize its product mix; and develop agriculture in the direction of high yield, high quality, and high efficiency." This embodies the fundamental requirement for establishing a socialist market economy system to raise economic efficiency, as well as the close inner relations between deepening reform and raising economic efficiency.

III. "What Hazards Could There Be If We Are Mindful of Economic Efficiency?"—Relationship Between Economic Efficiency and Stability

Both reform and development require a stable environment. Basically, growth in social productive forces and considerable improvement in economic efficiency will provide a fundamental guarantee for social and economic stability. As Comrade Xiaoping said: Regarding treatment of social environment, the real and ultimate way lies in improving the economy."

First, we can avoid serious economic damage and fluctuations if increases in the rate of economic development are premised on raising economic efficiency. Comrade Xiaoping said: "One of the things we learn from our experience is that we should be able to see where problems might come from, even when development is going well. Development must proceed at the right pace. Problems will arise when the economy is overheated. In short, be practical when formulating policies. As long as we can do that, we will not make big mistakes." He said on his Tianjin tour: "What hazards could there be, even if one or two localities borrow \$10 billion or so in 10 years, if they are mindful of economic efficiency? There is nothing to worry about, even if they borrow \$20 billion." Thus raising economic efficiency was made the premise and fundamental guarantee for preventing economic hazards. Early last year, Comrade Xiaoping said in Shanghai: "In economic work, we must seize opportunities and accelerate development while keeping an eye on stability so as to avoid damage, especially serious damage." Thus we are further reminded that we must really carry out the job of raising economic efficiency in economic development.

Second, if economic development is based on higher economic efficiency, it will guarantee the improvement of people's living standards and will promote social stability and unity. Comrade Xiaoping pointed out emphatically:

"The most fundamental element is the rate of economic growth, the benefit of which, moreover, must be reflected in people's gradually rising living standards. People will settle down when they witness the benefits of stability and of the current institutions and policies. If we can do that, then whatever changes there may be in the international major climate, things will be steady as a rock."

What needs to be pointed out and emphasized is that while raising economic efficiency is an economic problem, it is also a process that calls for a spirit of arduous enterprise and involves fight against corruption. This is highly significant for the pursuit of socialist spiritual civilization. Comrade Deng Xiaoping pointed out sharply as early as 1980: "The drive against privileges is only one of the aspects of arduous enterprise. The biggest problem is how to stamp out waste, raise labor productivity, cut the output of products for which there is no demand and of junk products not meeting quality requirements, reduce total costs, and raise the rate of capital utilization. We must make everyone understand how hard it was for us to obtain this capital and make these products. Any kind of waste is a crime." In 1985, he pointed out: "A too-rapid development rate causes many problems, and affects reforms and social climate. It is better to be slower, but more stable. The scale of fixed-asset investment must be kept under control. Do not overstretch ourselves in launching capital construction. Management and quality get top priority. Only a development rate that helps both economic efficiency and social benefits is genuine." He said in 1989: "The more developed we are, the more we must emphasize arduous enterprise. Advocating a spirit of arduous enterprise helps overcome corruption. Since the founding of the country, we have been advocating the spirit of arduous enterprise. Later, when things improved, we started encouraging high consumption, and there was waste everywhere." Raising economic efficiency and fighting corruption are completely identical. Only then can we genuinely unify the masses and build socialist spiritual civilization, and hence promote the triumphant march of the socialist cause and the stability and unity of society as a whole.

Our country is at a critical juncture where the planned economy is changing toward a socialist market economy system and the traditional development model is changing to a modernized one. Raising economic efficiency is a premise and guarantee of fundamental import for our reform, development, and stability. We should actively conduct studies, investigations, and publicity campaigns for the effort to raise economic efficiency, and should include such an effort as part of our action programs, and hence promote the sustained, rapid, healthy development [chì xu kuai su jian kang fa zhan 2170 4958 1816 6643 0256 1660 4099 1455] of our country's economy.

Trade Deficit Persists Despite Jan Export Surge HK1702063294 Beijing CHINA DAILY in English 17 Feb 94 p 1

[By staff reporter Wang Yong: "Exports in Surge, but Deficit Lingers"]

[Text] China's exports surged upward in January, but remained short of imports, resulting in a deficit of \$900 million, it was announced yesterday.

The 14.5 per cent growth over the first month of 1993 (adjusted for holidays) indicated a rare recovery of the nation's exports, which were teetering throughout last year, trade officials said.

The General Administration of Customs put last month's exports at \$4.8 billion.

Imports soared by a massive 42.3 percent to \$5.7 billion in January.

Customs officials did not say whether China will be able to sustain a trade balance for this year. The country sustained a deficit of \$12.2 billion last year, the first since 1989.

According to Customs, January's export surge was still led by foreign-funded enterprises, which numbered more than 170,000 nationwide by the end of 1993. Their exports rose 55.2 percent to \$1.49 billion, or 31 percent of the nation's total.

At the same time, exports by State-run and other types of enterprises managed a 2.5 percent growth to reach \$3.3 billion, Customs said.

This compared favourably with last year, when exports posted negative growth partly due to high export costs.

Most of these enterprises shifted to a more lucrative domestic market buoyed by a 13 percent growth rate in the gross domestic product (GDP) last year.

Customs officials said China's move to curb credit since last July and the unification of foreign exchange rates last month were major factors behind the export growth.

The exports of finished industrial products jumped by 18.7 percent to \$4.04 billion, while those of primary products dropped 3.9 percent to \$760 million.

Broken down, the exports of garments, machinery and electronic products grew by some 22 percent each.

But the exports of traditional high-growth items, like shoes, luggage and dolls plateaued.

Crude oil, oil products, coal and other fossil fuel sectors saw exports go down, but still some other primary products like foodstuffs saw an increase in exports.

The country's exports via barter trade plummeted 37.5 percent from January last year to \$80 million.

It was the barter trade, which enjoys certain preferential tax policies, that had attracted a considerable part of China's exports last year.

But barter trade usually does not produce foreign exchange for the State coffers.

The country obtains foreign exchange cash mainly from general trade. The exports in this form saw a sharp recovery last month to \$2.18 billion, up 18.9 percent.

Overall, China's exports are apparently on the way to a steady growth, but analysts said the State-run companies have yet to make further progress.

It is still not easy to root out a deficit should exports fail to chalk up a higher speed, especially when imports are continuing to surge, trade officials said.

But Customs showed that the import boom was led by the foreign-funded enterprises, which do not use the State's foreign exchange reserves.

Imports by these ventures jumped 116 percent last month to \$1.07 billion.

And the imports of raw materials for processing rose by 46.2 percent to \$2.14 billion.

Industrial Economic Returns Improve in 1993
OW1702104594 Beijing XINHUA in English 1012 GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—The economic returns for China's manufacturing sector improved markedly last year as its industrial production continued to grow fast, according to an official report.

The comprehensive economic returns index for China's manufacturing industries reached 96.6 in 1993, an increase of about 7 percentage points over the previous year, said a report jointly issued by the State Statistics Bureau, the State Planning Commission and the State Economic and Trade Commission.

The report, which was released here today, said that profits and taxes made and handed over by industrial firms at and above the township levels increased by 36.8 percent last year over the previous year. Profits made by the firms totalled 145.2 billion yuan (about 16.68 billion U.S. dollars), up 62.4 percent over the previous year.

The comprehensive economic returns index for China's large and medium-sized enterprises climbed to 106, about 9 percentage points above the country's average.

The report said that this shows the advantages of those firms in production scale, management, technology and equipment.

The comprehensive economic returns index for industrial enterprises of other ownerships including foreign-funded firms is 134, 37 percentage points higher than the country's average.

In comparison, collectively-owned industrial firms in China are still falling behind in economic performance.

According to the report, heavy industry performed better than light industry and the gap between them has been gradually narrowed.

Driven by excessive investment in fixed assets and growing demand, heavy industry recorded better production performance and sales of products. Its economic returns are much better than light industry.

Statistics show that the comprehensive economic returns index for heavy industry is about 103, compared with 93 for light industry.

About one quarter of heavy industry is operating at a loss, compared with 36 percent of light industrial firms in the red.

The State Statistics Bureau said that industrial growth is still characterized by extensive development, low economic returns and imbalance. The improvement of economic returns depends on the expansion of production scales and price rises.

Officials attributed the low economic returns to increasing expenditure by industrial firms and their decreasing profits.

They said that irrational industrial structure is still an outstanding factor affecting the improvement of economic returns since at present the country's total supply meets the total demand.

Excessive investment and irrational investment structure and revenue distribution systems are responsible for the problems, the officials said.

The report said China should maintain a reasonable industrial growth rate and pay more attention to the improvement of economic returns so that industrial production will grow in a sustained, fast and healthy way.

Government Expedites Customs Inspection Procedures

OW1702081694 Beijing XINHUA Domestic Service in Chinese 2107 GMT 9 Feb 94

[Article by JINGJI RIBAO reporter Li Zhengping (2621 3630 1627) and XINHUA reporter Jiang Jun (1203 6511): "Look at Opening Up From the Country's Door—Describing the Reform of the System of Passing Through Customs"]

[Excerpts] Beijing, 10 Feb (XINHUA)—China's busiest entry-exit port—Luohu customs—has formally opened its new passenger passageway. In the spacious hall, several passageways eight to 18 meters wide have replaced the original 72 customs inspection counters and more than 100 banisters. Passengers going from the mainland to Hong Kong or going from Hong Kong to the

mainland can now pass through customs—the “door to the country”—swiftly and easily.

This is a profile of Chinese customs' efforts to expedite passage through customs.

1. In the Huanggang area of Shenzhen, which has the largest highway port in Asia, a cargo truck can pass through customs in only 20 seconds. [passage omitted]

At China's Shekou port, which handles the largest number of ships and boats in China, customs officials no longer go aboard ships to carry out inspections. Therefore, foreign ships' time in port has been reduced greatly. [passage omitted]

The speed in passing through customs is an important point in judging the extent of opening up to the outside world. An open-type country will certainly ask its customs officials to provide the greatest convenience for the legitimate entry and exit of people, cargo, and means of transportation.

2. To speed up the passage through customs, decreasing inspections plays an important part. [passage omitted]

Luohu customs head He Tangfa said: We have now adopted the method of the “selective inspection of key cases.” We simply removed those customs counters which allowed only one person to pass, and we now allow passengers to pass through freely. Meanwhile, we have strengthened on-the-spot investigation and study. When we find doubtful pieces of luggage, we will use equipment to inspect them. We call it “controlling the key things and letting the little things pass freely.” In this way, the overwhelming majority of passengers can pass through customs without being checked. [passage omitted]

3. The speeded-up passage through customs is based on a decrease in inspections. However, customs' responsibility has not decreased. Customs officers have not reduced their efforts, and their achievements have increased.

Shekou customs head Huang Haitao told a reporter that after implementing the new system for supervising and controlling international shipping, customs officials can now concentrate their forces and emphasize the inspection of key areas which were not handled seriously due to a lack of manpower. In just over one month, customs officials uncovered several major smuggling cases involving goods valued at over 80 million yuan.

The situation with Huanggang customs is quite similar. Outwardly, customs officers do not inspect most vehicles. Cargo trucks' drivers only have to hand over a list of their goods to customs officers and then can pass through in less than one minute. Empty vehicles can pass through using special lanes without being stopped. Customs officials, however, have not neglected their duty. They have strengthened on-the-spot investigation and intelligence work and have placed emphasis on cracking down on major smuggling cases. During the first 11 months of

1993, they uncovered more than 1,400 smuggling cases—a total that was 70 percent higher than in the previous year—in which the value of the goods confiscated exceeded 110 million yuan.

The speeding up of passage through customs must also depend on strong management. Jiulong [Kowloon] customs can open its door wide because it has paid attention to checking and controlling the enterprises concerned. The customs office has established files and knows very well which enterprises have good reputations and which earlier have engaged in crimes of smuggling. In this way, the customs office can handle different cases under different categories.

Article Views New Import Substitute Strategy for Technology

HK1702113194 Hong Kong MING PAO in Chinese 16 Feb 94 p a10

[By special reporter Chun Liang (0193 5328): “Experts Call For Abandonment of Import Substitute Strategy To Catch Up With International Level of Industrial Technology”]

[Text] At a recently convened internal forum on the development strategy for China's foreign trade and economic ties in the nineties, senior trade and economic experts one after another urged the authorities to change the concept and completely abandon the current “closed-type” import substitute policy.

From the period when the CPC came to power to 1978, China accomplished the early-phase industrialization by implementing the import substitute strategy; since reform and opening up, through importing technology to transform heavy and chemical industries, China accomplished the process of “import for replacement.” At present, the third-phase industrialization has begun, and it is a phase in which heavy and chemical industries are the main body and labor-intensive and technology-intensive industries are the two wings for realizing the high degree of industrial processing which is characteristic of industrialization in the later phase. For this reason, it is necessary to accomplish the change from importing technologies for petrochemical, mechanical, and electronic industries to exporting them, and to let light and textile industries provide foreign exchange to technology-intensive industries.

The “closed-type” import substitute strategy stresses complete domestic manufacturing under state protection after importing technology. Under the conditions that technological progress in the international community takes place rapidly, that modern industrial sectors involve sophisticated technology and many production links, and that there are strict demands for raw materials, spare parts, and examining and testing measures, domestic manufacturing is not only costly, but also time-consuming, leading to the vicious cycle of “import—domestic manufacturing—backwardness—import again.”

Chinese economic and trade experts have now proposed a new "open-type import substitute strategy," that is, strength will be first concentrated to enable certain spare parts or processing stages to reach the world's advanced level, to enter the international market, and to become a part of the global industrial system, and through this to monitor the development trends of the world's industrial technology and products; then steps will be taken to enable overall manufacturing to reach the world's advanced standard. Therefore, the development of technology-intensive industries in the nineties must aim at participation in high-level division of labor in the international community, not just simplistic pursuit of the rate of domestic manufacturing.

Interview With Environment Official on Coal Use
OW1702065594 Tokyo KYODO in English 0630 GMT
17 Feb 94

[By Robert J. Saiget]

[Text] Beijing, Feb. 17 KYODO—China's growing coal consumption poses a huge threat to the environment, a leading Chinese official said recently, and things are bound to get worse as the country struggles to generate enough energy to fuel its booming economy.

"Our biggest environmental problem is coal. You cannot deny that in the next 20 to 30 years coal use will continue to grow," Yang Jike, vice chairman of the environmental protection committee of China's National People's Congress (NPC) said in an interview with KYODO NEWS SERVICE.

"We have lots of coal...To generate electricity it's the cheapest," he said. "Coal is easy to get, you only have to dig."

China used between 1.1 and 1.2 billion tons of coal in 1993, mostly for heating and generating electricity. Industry sources predict China will consume as much as 1.5 to 1.6 billion tons by the year 2000.

Coal burning emits several harmful air pollutants including carbon dioxide (CO₂), a major contributor to the global warming or "greenhouse effect," and sulfur dioxide (SO₂), the main cause of acid rain, which destroys the nutritional value of soil and pollutes rivers and lakes.

"As far as I'm concerned, laws are the only way to restrict the rapid development of the coal industry. We can also use laws and regulations to encourage development of renewable energy sources such as hydroelectric power, wind, tidal, geothermal power and biogas, as well as nuclear power plants," Yang said.

The threat of excessive dependence on coal is of such a serious nature that Yang sees the construction of nuclear power plants and the environmentally controversial Three Gorges dam—set to be the world's largest—as necessary projects to limit coal use in China.

Despite nearly universal ignorance of environmental concerns among the general masses, Yang stressed the Chinese Government's commitment to environmental protection, citing its signing of the UN-sponsored framework convention on climate change and the convention on biological diversity at the 1992 Earth Summit in Rio de Janeiro.

The 1993 establishment of the NPC Environmental Protection Committee places priority on environmental legislation aimed at controlling pollution and protecting natural resources, he said.

New construction projects in China now must first have an environmental impact statement approved, he said, while several draft laws will lay down standards for solid waste disposal, air and water pollution as well as standards for resource exploitation.

China's environmental protection is an uphill battle against not only the demands of rapid economic development and growing energy use, but subject to the tremendous pressures of a massive, largely uneducated agrarian population which feeds the nation on only 7 percent of the world's arable land.

Chemical fertilizers, deforestation and indiscriminate strip-mining are leading to rapid soil erosion, while new highly-productive seed varieties are diminishing genetic variety while increasing the susceptibility of entire crops to a number of destructive plant viruses.

Although Yang is careful to support the party's official policy of fast, healthy and stable economic growth, "my own opinion is that we don't want to develop too fast," he says. "Ten percent growth is too fast. I hope we can control growth to keep it below that level, ideally in the range of 6 percent."

"We are faced with a very critical environmental situation," Yang said. "Our challenge is to do our best to overcome this serious situation," he said.

Exchanges To Buy, Sell Property Rights Increase
OW1602161394 Beijing XINHUA in English 1539
GMT 16 Feb 94

[Text] Beijing, February 16 (XINHUA)—The number of exchanges where property rights can be bought and sold has kept rising in China in recent years.

Latest figures show that there are now 25 property rights exchanges in China, with Henan, Shanghai, Nanjing, Shandong, Chengdu, Shenzhen and Zhejiang as the regional centers.

Recently, 30 big financial organizations and enterprise groups decided jointly to sponsor the China International Property Rights Exchange Center in Beijing, which will be a national property exchange market.

The sponsors include the China Economic Development Trust and Investment Corporation, the Shenzhen Baoan

(Group) Corporation, the China Everbright International Trust and Investment Corporation, and the Hangzhou Waitan Construction Co. Ltd.

Under the old planned economy system, state-owned fixed assets could not be circulated. Statistics show that about one third of the state-owned property is idle at present, seriously affecting the efficiency of enterprises.

The country's first property rights exchange was formed in the early 1980s. Thanks to property rights exchanges, over 6,900 enterprises were merged in the 1980s. Their property rights, worth over eight billion yuan, were transferred. As a result, the number of enterprises in the red dropped by 4,095 and the annual level of losses by state-owned enterprises was reduced by 522 million yuan.

Since the beginning of the 1990s, over 10,000 enterprises have been merged. More than 2,900 enterprises were sold and merged through the 16 property rights exchanges in Tianjin, Shanghai, Guangzhou, Wuhan, Shenzhen and other places of the country. Many of the enterprises have been revitalized after being merged or sold.

With the development of the property rights business, China has promulgated a series of relevant laws and regulations on bankruptcy, company and state enterprises.

Economists believe that the development of the property rights business will play a more and more important role in re-organization of the country's productive factors and in development of the country's productivity.

Department Calls For Halt to CD Production Imports

HK1702052894 Beijing GUANGMING RIBAO in Chinese 8 Feb 94 p 1

[By reporter Shen Weixing (3088 5898 2502): "Due To Excessive Imports of CD Production Lines, the Department Concerned Calls For Import Suspension and Standardized Management"]

[Text] This reporter has learned from the Management Department of the China Press and Publications Administration that, in disregard of the relevant government stipulations, some localities have blindly imported compact disk [CD] production lines from abroad, resulting in a CD output far exceeding domestic demand and bringing about rampant pirating activities. This has disrupted the normal order of the compact disk industry and infringed upon the interests of copyright holders.

Through investigation, this reporter has discovered that in 1992 China had only one CD production factory, the Xianke Corporation in Shenzhen. Later, there were three factories and three production lines. By the end of 1993, however, the figures jumped to 25 factories and 30 production lines.

What impact do 30 production lines have on the CD market? In 1992 the total annual CD sales in China were around 3 million, but a Xianke CD production line in Shenzhen alone had an annual production capacity of 5 million CDs. We can thus see that even if the domestic CD sales market grows several fold, a few CD production factories can sufficiently saturate the market.

What is terrible, however, is that in less than 18 months 10 times as many production lines have emerged, with a full-load production capacity of nearly 100 million CDs. Moreover, new CD production lines are still being imported.

In March 1993 the State Planning Commission and the department concerned studied the issue of importing CD production lines. Taking into consideration the domestic market demands at that time, the commission explicitly stipulated that before the country's overall development plan for CD players and laser disk players is promulgated, no department or locality may approve the construction of new factories and the expansion of existing production capacity. After the planning commission document was transmitted to the lower levels, some localities and departments, in total disregard of the document provisions, blindly approved the construction of CD production factories, with the result that CD output far outstripped domestic market demands. What was especially serious was that some unscrupulous overseas businessmen have taken advantage of the opportunity to make an inroad and engage in large-scale pirating activities. This has not only disrupted the domestic video market, but also the international disk market. The Shanghai office of the International Disk Industrial Association recently officially brought a suit in the Shanghai Municipal Intermediate People's Court against a certain Taiwan businessman called Hsu for carrying out illegal pirating activities on the mainland. Hsu was tracked down by the Taiwan authorities for carrying out illegal disk pirating activities in Taiwan. Pending trial, Hsu entered China in early 1993 and engaged in illegal CD copying activities. While serving as deputy general manager of business at Baodie Laser and Electronics Company Limited, a Sino-foreign joint venture in Suzhou City, Jiangsu Province, he provided the company with the masters of programs produced by the International Disk Industrial Association, which has the right over the programs, and copied 121,000 CDs in 35 varieties. He also accepted a processing task for Huadian Guangdong Company Limited, a Sino-foreign joint venture in Hangzhou, and produced 18,000 CDs in 14 varieties. Most of the copied and pirated CDs have entered the international market.

At present, the issue of illegally importing CD production lines has drawn the close attention of the relevant government department. The department deems it necessary to immediately stop importing CD production lines from abroad and exercise strict and necessary standardized management over CD factories currently in production and operation. Otherwise, the factories

will face the risk of bankruptcy and it will be impossible to curb piracy in some domestic markets.

Officials Deny Return to State Monopoly for Grain Purchase

HK1702112394 Hong Kong MING PAO in Chinese 15 Feb 94 p A6

[By staff reporter: "Senior Officials Deny That China Will Return to the Old Path of State Monopoly for the Purchase and Marketing of Grain, and Stress That Private Businessmen Can Still Engage in the Business of Purchasing Grain"]

[Text] Chinese officials concerned yesterday told MING PAO that in the field of grain distribution, China would never return to the previous practice of state-monopolized purchase and sale (that is, all grain to be purchased and sold by the state according to unified plans). However, when obvious instability appears in the supply of grain and when the situation affects the national economy and the people's livelihood, the authorities will use the reserve grain in granaries to increase the market supply and stabilize and control market prices.

According to a recent report by a Hong Kong newspaper, the Beijing Municipal authorities drew a lesson from the sharp increase in grain prices late last year, and decided that grain could only be purchased by the State Council's Ministry of Grain at prices controlled by the state. No private businesses would be allowed to engage in grain purchase (but grain retail business would still be free).

However, a senior official of the State Council told MING PAO reporters yesterday that it was inaccurate to say that no private businesses are allowed to engage in grain purchase.

He said: On the open grain market, after grain prices were decontrolled, the state still seriously purchased grain. At the same time, however, the authorities did not prohibit or restrain any individual businesses from engaging in grain purchase. The official said that governments in all countries attach great importance to peasants' interests and to protecting the development of agriculture in their own countries.

Recently, peasants in Japan and South Korea staged protests against the importation of rice from foreign countries, but this did not mean that grain purchase should be monopolized by the state and individual businesses should not be allowed to engage in grain purchase.

A provincial official in Sichuan said that he did not believe China would return to the old practice of state-monopolized grain purchase and marketing. Last year, Sichuan's grain output reached 82 billion jin, and the free grain purchase and sale was welcomed by all parties concerned.

He added: At present, each 100 jin of rice is purchased at 40-odd yuan in Sichuan, and the retail price of rice is between 0.70 and 0.80 yuan per jin, and the prices remain rather stable.

Hunan is one of China's major grain-producing provinces. Last year, Hunan's rice output exceeded 50 billion jin. A provincial official in charge of agriculture said that so far, they had not received any central instruction on changing the grain purchase and marketing policy.

He said that even if the state sold part of the reserve grain on the market, this would only serve the purpose of stabilizing grain prices. He believed that in the future, the state and individual businesses would continue to be involved in grain purchase and marketing as at present.

He added that after Hunan rescinded the monopolized grain purchase and sale policy in November 1992, reactions from all quarters concerned were favorable. At present, the purchase price of rice is 45 yuan per 100 jin; and the retail price of rice is 0.75 yuan per jin. The price of rice is stable on the whole.

An official in Anhui Province said that local peasants did not want to see the return of the previous monopolized grain purchase and sale policy. Since grain prices were decontrolled in the first half of last year, grain prices have remained stable on the whole. At present, the retail price of rice is between 0.70 and 0.80 yuan per jin. Last year, Anhui's grain output was nearly 60 billion jin.

'Central Leader' Urges Raising Grain, Cotton Prices

HK1702112494 Hong Kong TA KUNG PAO in Chinese 17 Feb 94 p 2

["Special Dispatch" From Beijing: "A Central Leader Reveals That Purchase Prices for Grain and Cotton Will Be Increased by a Large Margin"]

[Text] Beijing, 16 Feb (TA KUNG PAO)—A central leader said recently: The main tasks for 1994 rural economic development are: To strive for good harvests in agriculture, to achieve a sustained and healthy development of township enterprises, to promote rural markets, and to boost the peasants' per-capita net income. To fulfill these tasks, it is necessary to take four measures as follows.

1. Increase inputs into agriculture and the rural economy by a fairly large margin. The budgeted investment in capital construction as well as the funds and bank loans set aside to aid agriculture should also be increased. Specific arrangements must be made with respect to planning and monetary and financial matters.

2. Increase grain and cotton purchase prices. When new grain goes on the market in 1994, the guaranteed price for grain will begin to go up by a fairly large margin. The measures for increasing the price of cotton ordered by the state will also be published in time.

3. Improving the special grain reserve system. It is necessary to lower domestic market prices of grain and promote steady growth in grain production through adjusting the amount of grain purchased and sold and utilizing the swap market mechanism for grain at home and abroad. Efforts should also be made to establish market risk funds for grain, to protect the peasants' interests to arouse their enthusiasm for production, and to guarantee the normal operation of the special grain reserve system. And,

4. Establish banks whose sole function is to make low-interest loans for agricultural development. This is an essential measure to ensure that we have sufficient funds for purchasing agricultural and sideline products. We should step up specific preparations for the establishment of such banks.

Plans for rural reforms—such as developing diverse forms of collectivized agricultural services, setting up cooperative and joint stock economic entities, reforming the system of supply and marketing cooperatives, and

reforming certain management systems to promote developments of small towns—should be formulated and implemented step by step.

The central leader pointed out: As peasants constitute the main segment of China's population, the problem concerning agricultural development is of vital importance to the overall situation. Whether there is comprehensive development of agriculture, forestry, animal husbandry, sideline occupations, and fishery and whether there are good harvests in agriculture all have a direct bearing on prices and the people's daily life. Rapid economic growth depends on opening up rural markets, but the latter depends on developing the rural economy and increasing the peasants' income. Over the past few years we have enjoyed successive bumper harvests and a sustained development of the rural economy, but the comparative efficiency of grain production has declined; the gap between the prices of agricultural and industrial products has widened; and the peasants' income has grown rather slowly. We must take effective measures to solve all these problems.

East Region

Statistics Show Jiangsu Industrial Output 'Up'

OW1702092594 Nanjing Jiangsu People's Radio
Network in Mandarin 2300 GMT 9 Feb 94

[From the "Provincial News Hookup" program]

[Text] According to the data provided by the provincial statistical bureau, industrial enterprises in our province steadily increased economic returns by means of expanded production, sales promotion, and restructuring despite price increases in the sectors of energy, raw and semifinished materials, and communications and transportation last year. Jiangsu's industrial enterprises that independently conduct business accounting posted a revenue of 424.6 billion yuan from sales and a profit of 14.1 billion yuan, up 47.4 percent and 30 percent respectively from 1992's.

Jiangxi Progresses in Resolving Civilian Disputes

HK1602132194 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 15 Feb 94

[Text] Jiangxi has achieved dramatic results in resolving civilian conflicts and armed disputes. Last year 35 civilian conflicts and armed disputes took place, leaving eight dead and causing direct economic losses of 140,000 yuan, a decrease of respectively 66 percent, 62 percent, and 79 percent as compared with the previous year. In preventing civilian conflicts and armed disputes, all levels of the departments were firm in implementing the central and provincial arrangements, were quick to act, and were efficient in their measures.

Early last year, the provincial government signed agreements with the relevant prefectural, city, and provincial departments on preventing and mediating civilian conflicts and armed disputes. They organized personnel to mediate and resolve 29 cases of civilian conflicts. Ganzhou, Jian, and Jingdezhen authorities conducted a no-armed-dispute campaign this year, and they were successful.

Shandong Completes Taocun-Weihai Railway

SK1702094694 Jinan DAZHONG RIBAO in Chinese
20 Jan 94 p 1

[Summary] Construction of Taocun-Weihai Railway was completed on 19 January. This is a local railway built with funds raised by Weihai. With a total investment of 400 million yuan, Weihai city began to build this railway, with a total length of 135.7 km, in November 1990. This railway is expected to be begin operation in the first half of this year.

Shanghai Transport Services Increase Capabilities

OW1702113394 Beijing XINHUA in English 1104
GMT 17 Feb 94

[Text] Shanghai, February 17 (XINHUA)—Communications and transportation services in Shanghai witnessed rapid growth over the past year.

The mail handling capacity of Hongqiao Airport last year reached 235,600 tons and passenger handling capacity of the airport reached 7.59 million persons, respectively increasing by 26.23 and 23.42 percent over the previous year.

In January this year, the handling capacity of the airport was 514,410 people and the mail handling capacity was 19,000 tons, respectively increasing by 17.96 and 23.37 percent over the same period of last year.

It is estimated that this year, the passenger handling capacity will reach 8.5 million and about 65,000 airplanes will take off from and land at the airport.

Meanwhile, the Shanghai port has become the third largest in the world.

In 1993, the handling capacity of Shanghai port reached 176 million tons.

Imported and exported goods handled at the port totalled more than 44 million tons, increasing by 37.9 percent over the previous year.

The port handled 937,000 containers, an increase of 28 percent over the previous year, a record high.

This year the Shanghai Railway Bureau will invest 3.18 billion yuan in railway construction in East China.

The bureau will double-track 279.9 kilometers of the trunk railways so as to complete East China's railway network.

Central-South Region

Hainan Registers Strong Economic Growth in 1993

HK1702060594 Haikou Hainan People's Radio
Network in Mandarin 1100 GMT 15 Feb 94

[Text] Last year Hainan registered comprehensive, sustained, stable, and rapid economic development. According to initial statistics by the provincial statistical department, last year the province's gross domestic product [GDP] amounted to 20.4 billion yuan, an increase of 22.8 percent over the previous year, and the per capita GDP was 3,017 yuan, an increase of 21 percent over the previous year, ranking in the forefront in terms of the country's growth rate.

Last year the province adjusted the rural production structure and encouraged the development of high-yield,

high-quality, and highly efficient agriculture and township and town enterprises, with the focus on increasing the peasants' income and ensuring market supply, thus bringing about overall development in the rural economy. Industrial enterprises expedited the transformation of their operational mechanisms and achieved marked results in making up their deficits. Last year the province's gross industrial and agricultural output value amounted to 18.879 billion yuan, an increase of 24.71 percent over the previous year. Last year the province speeded up the construction of energy, traffic, telecommunications, and other key projects. There was improvement in power supply and postal and telecommunications service. Last year the handling capacity of coastal ports throughout the province totaled 13.56 million metric tons, an increase of 27 percent over the previous year. Postal and telecommunications business amounted to 530 million yuan, an increase of 92.4 percent over the previous year.

Last year was an international industrial and commercial year for Hainan. The province signed contracts for 3,106 foreign-invested projects, an increase of 68.4 percent over the previous year, and foreign capital actually used amounted to \$972 million, an increase of 82.7 percent over the previous year. Last year the province's total import and export volume amounted to \$2.569 billion, an increase of 51.7 over the previous year. The total retail sales volume of commodities amounted to 7.731 billion yuan, an increase of 32.6 percent over the previous year. Business transactions in urban and rural marketplaces totaled 3.657 billion yuan, an increase of 55.5 percent over the previous year. The province's income from tourism amounted to 352 million yuan, an increase of 13.2 percent over the previous year.

The province's revenue grew by a wide margin last year. Financial institutions' deposit balances throughout the province amounted to 43.292 billion yuan, an increase of 24.3 percent over the previous year. Urban and rural deposit balances were 18.4 billion yuan, an increase of 63.2 percent over the previous year. The province's revenue amounted to 2.9 billion yuan, an increase of 100 percent over the previous year.

Hainan Plans Big Boost in Power Generation

HK1602015694 Beijing ZHONGGUO XINWEN SHE in English 1356 GMT 15 Feb 94

[Text] Haikou, February 15 (CNS)—Hainan will boost its vast spending on power generation this year with the planned capacity of generating sets to be installed put at 400,000 kilowatts. The tense state regarding power consumption which has surfaced throughout the province since the second half of last year will then be basically alleviated.

A Hainan pivotal project for a hydroelectric power station and water conservancy as well as part of the generating sets for the Sanya Power Station, all of which are now under construction, will go into operation this

year. The 120,000-kilowatt generating set which is kerosene-powered at the Haimei Power Station and two 100,000-kilowatt generating sets at the Dongfang Power Plant will be solely funded by foreign investors for their construction this year. The kerosene-powered generating set installed at the Haimei Power Station is expected to go into operation by the end this year.

It is expected that construction will start in the first half of this year on two 125,000-kilowatt generating sets involved in the 3d phase expansion of the Haikou Power Plant. Three generating sets each with a capacity of 20,000 kilowatts at the Gezhen Hydroelectric Station will be under construction sometime between late this year and early next year while two 30,000-kilowatt generating sets at the Basuo Power Plant will be constructed late this year.

The Hainan authorities also plan to bring in foreign capital for exploitation of nuclear power with the selection of a site for the first nuclear power station to be completed this year. A feasibility study will be carried out for the first-phase project which involves a 300,000-kilowatt generating sets.

Henan Reportedly Develops Private Economy

HK1702063094 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 16 Feb 94

[Text] Individual and private economic sectors in Henan developed speedily last year. There were 914,000 individual industrial and commercial households, involving 1.6 million people, and 6,558 private enterprises, involving 155,000 people. Last year the development of individual and private economic sectors outstripped all previous years. More than 57 percent of the individual industrial and commercial households dealt in tertiary industries, and 43 percent of people in private economic sectors engaged in industrial and technological development or ran their own business. [words indistinct] the quality of people in individual and private economic sectors improved. Many university and secondary school students, post-graduates, and senior and middle-level technicians also engaged in these sectors.

To speed up the development of the province's individual and private economic sectors, last year the provincial party committee and government promulgated a circular on expediting the development of individual and private economic sectors, during which 20 measures were announced. [words indistinct]

Hunan Agricultural Institutes Aid Production

OW1602081094 Beijing XINHUA in English 0638 GMT 16 Feb 94

[Text] Changsha, February 16 (XINHUA)—Agricultural science and education centers have sprung up all over central China's Hunan Province in a bid to promote high-yield agriculture.

Last year some 500 township agrosience and education centers were set up in the province.

Now over 2,200 towns have set up such centers, 70 percent of the total number of towns in Hunan.

The centers play an important role in promoting advanced farming techniques and training in rural areas.

In 1993 Hunan Province built 251 farm technical training and demonstration areas based on the centers to introduce 1,057 new farming techniques and help 200,000 households to get rich.

The use of the new techniques has helped increase agricultural output value by 450 million yuan.

After learning the techniques of growing elevated gastrodia tubers over 30 farm households in Linjiang town, in the Tongdao Dong nationality autonomous county, made an average income of nearly 20,000 yuan per household only by planting the Chinese medicinal herb last year.

The farmers' per capita income in Youxian County was over 1,000 yuan after they learned to use new techniques of grain production, making it one of the richest counties in eastern Hunan.

Southwest Region

Official From Sichuan's Chongqing on Preferential Policies

HK1702115294 Hong Kong WEN WEI PO in Chinese
14 Feb 94 p A3

[Dispatch by Yang Yung-nien (2799 3057 1628), WEN WEI PO reporter stationed in southwest China: "Senior Chongqing Official Talks About Opening Up, Stressing That the Six Preferential Policies Will Remain Unchanged"]

[Text] Chengdu, 14 Feb—At a lunar New Year forum of foreign-funded enterprises, which was held by the Chongqing City CPC Committee and City Government a few days ago, Executive Vice Mayor Xiao Zuxiu, on behalf of the Chongqing City Government, said categorically that the city's six preferential policies on opening up to the outside world would remain unchanged. They comprise the policy on opening up to the outside world, the policy on open coastal cities, the policy on state-level high and new technology development zones, the policy on state-level economic and technological development zones, the preferential policy of exempting productive foreign-funded enterprises from income tax in the first two years and reducing their income tax in the next three, and the preferential policy of exempting foreign-funded enterprises from import tariffs on machinery and other equipment (except for sedans) and office articles for their own use, which come under the overall investment scope.

At the meeting, Sun Tongchuan, secretary of the city party committee, also told participants that Chongqing City would regard the work of further emancipating the mind and opening wider to the outside world as the focus of its tasks this year. At its first meeting in the new year, the standing committee of the city party committee will lay emphasis on studying the work of opening up to the outside world.

Tibet Chairman Addresses Propaganda Forum OW1502100294 Lhasa Tibet Television Network in Mandarin 1200 GMT 7 Feb 94

[From the "Regional News Hookup" program]

[Excerpt] The autonomous regional party committee held a meeting to disseminate the guidelines of the national conference on propaganda and ideological work on the morning of 5 February. Danzim, deputy secretary of the autonomous regional party committee, chaired the meeting. Chen Hanchang, member of the autonomous regional party committee standing committee and director of the propaganda department, relayed the principal guidelines of the conference. He said: We should firmly grasp the basic guiding principle of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, closely center around the central work of economic construction, subject ourselves to and serve the work of the entire party, comprehensively carry out the tasks on the propaganda and ideological front, and provide a favorable ideological guarantee and public opinion for stepping up the establishment of a socialist market economic system; promoting sustained, rapid, and healthy economic development; safeguarding political stability; and promoting overall social progress.

Chen Hanchang said: At the national conference on propaganda and ideological work, General Secretary Jiang Zemin further expounded the major tasks in propaganda and ideological work: The propaganda and ideological front must firmly grasp the basic guiding principle of the theory of building socialism with Chinese characteristics and emphatically do a good job in four aspects of work, namely, theory, public opinion, ideological education, and the main theme, which means arming the people with scientific theory, guiding them with correct public opinions, cultivating them with a lofty spirit, and inspiring them with excellent work. The one basic guiding principle and four aspects of work put forward by General Secretary Jiang Zemin serve, respectively, as the soul of the propaganda and ideological front that defines the direction of all work and as four major key projects that embody and carry out the basic guiding principle. Only by so doing can we better accomplish the important missions undertaken by departments in charge of propaganda and ideological work; correctly publicize the party's theories, line, principles, and policies; vividly reflect the great practices of the masses; and unite all the strength that we can muster to strive for attaining the magnificent goal of establishing socialism with Chinese characteristics.

Chen Hanchang urged party committees at various levels in Tibet to fully understand the significant importance of the national conference on propaganda and ideological work; earnestly study the guidelines of important speeches delivered at the conference by General Secretary Jiang Zemin, Premier Li Peng, Vice Premier Zhu Rongji, and Director [of the Propaganda Department under the CPC Central Committee] Ding Guangen; fully study, grasp, and implement these guidelines; and regard this as a turning point to boost Tibet's propaganda and ideological work to a new level. [video shows Chen Hanchang in a dark Mao suit and with a coat over his shoulders, reading from a prepared speech; video shows shots of those in attendance at the meeting while Chen is speaking]

Gyaincain Norbu, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional government, emphasized four issues at the meeting. He noted: 1) We should firmly adhere to the basic principles for the work of the entire party and consider the overall situation to completely accomplish the important missions undertaken by the departments in charge of propaganda and ideological work and make contributions to advancing the construction of material and spiritual civilization as well as social progress in Tibet. 2) We should gain a clear understanding of the international and domestic situations and seize the opportunity to step up the pace of reform and development in Tibet. To serve the cause of reform and development, we should continue to carry out propaganda and ideological work by being well aware of public opinion and maintaining the stability and continuity of the keynotes in propaganda. We should seek comprehensiveness, objectivity, and precision and avoid one-sidedness in propaganda. Taking the basic interests of the party and state as our main concern, we should consciously act in unison with the CPC Central Committee in terms of politics. Tibet's tasks in reform and development are more arduous this year. All departments in charge of propaganda and ideological work must keep emancipating their minds, seeking truth from facts, integrating their own characteristics, seriously summing up experiences, studying the law of propaganda, promoting their work with creativity, and vigorously seeking new ideas for propaganda and ideological work under the conditions of a socialist market economy. 3) We should regard the work of maintaining social stability as our duty and support reform with a clear-cut stand. This year is one of crucial importance to the progress of Tibet's reform and construction. Thus, we must fully assess the arduousness and complexity of reform. Whether we can score a victory in the work of deepening reform is a severe test of us. In this new year, comrades on the propaganda and ideological front should subject themselves to the overall situation, serve the central work, correctly guide public opinion, support reform with a clear-cut stand, precisely grasp and publicize the party's principles and policies, correctly address the overall economic situation in a timely manner, and scientifically and conscientiously publicize a series of

reform programs, policies, and measures adopted at this year's regional work conference on the economy. They should regard social stability as their duty and address and resolve in a timely manner the ideological problems cropping up in the course of reform. They should carry out the media's supervisory role and help party committees and governments at various levels improve their work, properly handle public feelings, and thaw contradictions to create a favorable milieu and public opinion for deepening reform and smoothly establishing a new socialist market economic system in Tibet. 4) Party committees and governments at various levels must strengthen their leadership in propaganda and ideological work. Propaganda and ideological work plays an important part in the overall efforts for the cause of establishing socialism with Chinese characteristics; it is a political advantage of the CPC and an important magic weapon for ensuring the smooth progress of reform and construction. Party committees and governments at various levels must attach great importance to this work, strengthen their leadership in it, and really take responsibility for the work. Party committees at various levels should place the work of intensifying and improving propaganda and ideological work on the agenda and frequently give guidance and check on the work. Government departments at various levels should attach importance to and support propaganda and ideological work; create necessary conditions for cadres engaged in the work; actively help them resolve practical difficulties; and strive to solve the current problems of scarce personnel, poor quality, bad facilities, and dull work methods on the propaganda and ideological front so as to remarkably improve the conditions for propaganda and ideological work and bring about better results. [passage omitted]

Tibet Holds Regional Economic Work Conference

Chairman Addresses Meeting

OW2901015794 Lhasa Tibet People's Radio Network in Mandarin 1425 GMT 16 Jan 94

[From the "News" program]

[Text] A regional economic work conference continued in session on the morning of 16 January, presided over by Yang Chuantang, executive vice chairman of the autonomous region.

Those attending the conference were leaders of the autonomous region, including Gyaincain Norbu, Guo Jinlong, Banzim, Yang Chuantang, Lieque, Puqung, Sengqen Lozong Gyaincain, Pudoji, (Gong Daxi), Baima Duoqi, (Jiang Cuo), Jipu Pingcuo Cideng, Cering Sangzhub, (Yang Song), (Ciren Cuoga), and Luosang Toinzhub, as well as heads of prefectures, counties, and districts, mayors of cities, and responsible persons of major economic departments and regional-level units.

At the conference, Gyaincain Norbu, deputy secretary of the regional party committee and chairman of the autonomous region, gave a report entitled: "Accelerate the Establishment of a Socialist Market Economic Structure and Promote Rapid Development of the National Economy."

Reviewing the region's 1993 achievements in economic work, Gyaincain Norbu said: Since the beginning of last year, we have scored marked achievements in establishing a socialist market economic structure, accelerating the development of the national economy, deepening reforms, and opening wider to the outside world under the guidance of the guidelines laid down by the 14th party congress and the fourth enlarged plenary session of the fourth regional party committee. It is estimated that the total annual output value of goods and services for the region in 1993 was 3.65 billion yuan, an increase of 8.1 percent over 1992 in real terms. The annual output value of the primary industries totaled 1.77 billion yuan, up 4.9 percent; that of the secondary industries was 530 million yuan, up 16.6 percent; and that of the tertiary industries reached 1.35 billion yuan, up 9.5 percent. The relatively rapid development of the economy has increased the economic strength of the region. It is estimated that the region's financial revenues in 1993 were 149 million yuan, increasing 37 percent over 1992.

The economy of the rural and pastoral areas has developed steadily. It is estimated that the region's total agricultural output value was 2.228 billion yuan in 1993, an increase of 5.3 percent over the previous year. A bumper harvest was reaped for the sixth consecutive year, and total grain output reached 620,000 tonnes, up 3.3 percent. Major production targets in animal husbandry were fulfilled, which were a little more than or remained the same as those of the previous year. Village and town enterprises and diversified economic undertakings have developed rather rapidly. It is estimated that the total output value of the village and town enterprises reached 100 million yuan, and the income of diversified economic undertakings totaled 240 million yuan, increasing 14.9 percent and 18.8 percent respectively over the previous year. Per capita income for the peasants and herdsmen was 515 yuan, up 5.1 percent compared with the previous year.

The economic results of industrial and communications enterprises have increased noticeably. It is estimated that the region's total industrial output value reached 470 million yuan, up 7.8 percent over the previous year. The output of major products has increased, and the quality of products has improved. The marketing rate of products has reached 94.85 percent. Thus, production, marketing, and economic results have increased simultaneously.

The number of enterprises suffering losses has decreased. A good momentum has been maintained in the development of foreign trade and tourism. It is estimated that

the region's volume of foreign trade reached \$100 million, up 55.4 percent over the previous year. Of this volume, exports were worth \$20 million, and imports \$80 million, increasing 3.6 percent and 77.6 percent respectively over the previous year. Efforts have been made to improve the management and operations of tourism, to open up new tourist routes and scenic spots, and to run special events, thus attracting tourists. In 1993, the region received 23,000 foreign tourists and earned 100,000,600 yuan, increasing 15 percent and 10 percent respectively over the previous year. It also earned more than 9 million yuan of foreign exchange in tourism, up 7.9 percent compared with the previous year.

New progress has been made in introducing investment from abroad and establishing lateral ties at home. More than 40 projects were approved in these regards last year, with a total contracted investment of 67.1 million yuan and \$9.63 million. In addition, the region also set up some enterprises with its own funds in coastal and other areas of the country.

Infrastructure construction, with the stress on energy, transportation, and communications projects, has gone well. It is estimated that the region invested 1.59 billion yuan in fixed assets in 1993, increasing 15 percent over the previous year.

The construction of the Bamda Airport runway was basically completed last year. The Sichuan-Xizang, Xinjiang-Xizang, China-Nepal, and (Zegong) highways were repaired or rebuilt on schedule, and the quality of construction was noticeably improved. The annual plans for construction of the Yanghu and Chalong Power Stations were overfulfilled with quality. The Gonggar Airport extension project has been completed and put into operation.

Communications construction progressed smoothly. A unified telephone system, including city and long-distance calls, was set up in the urban areas of six prefectures and cities; and 58 satellite communication ground stations at the county level were built and installed with equipment, 35 of which were put into operation. Technical transformation projects were carried out rather effectively.

Urban and rural markets became increasingly brisk. It is estimated that the total volume of retail sales in the region was 1.9 billion yuan last year, up 13.1 percent over the previous year. The fast-rising market prices were brought under effective control.

Social undertakings developed rapidly. The region invested more than 180 million yuan in education last year, increasing 13.3 percent over the previous year; 248 new schools of various types were set up; and 63.2 percent of the children of school age were in school, up 2.7 percent over the previous year.

Gyaincain Norbu said: We paid close attention to work particularly in the following aspects last year:

1. We proceeded from emancipating our minds to enhance our sense of the urgency of economic development. Last year, we made efforts to emancipate our minds and adopt new ideas as a prerequisite for deepening reforms, opening up wider to the outside world, and accelerating economic development. We held discussions on emancipating the mind and changing the mindset in various ways. We also organized groups of different sizes to be sent to the interior for study. Through study, visits, and observation, cadres and people were able to see the big gap between the region and other parts of the country in economic development, thus increasing their confidence and courage in developing productive forces. According to incomplete statistics, since Comrade Deng Xiaoping delivered his speeches during his tour of south China, 876 new state, collective, and private enterprises have been set up in the region, with a total registered capital of 766 million yuan.

2. We stepped up the reform of the economic structure with a view to establishing a socialist market economic structure. While reforming the economic structure with the stress on enterprise reform, we paid close attention to giving enterprises decision-making power in management and improving external conditions for their production and operation. The building of a market system was accelerated, and market facilities were improved day by day. The fundamental role of the market in the allocation of resources was initially brought into play. The circulation of capital and consumer goods became increasingly smooth, presenting a picture of prosperity.

3. We promoted a healthy development of the economy by improving and strengthening macroeconomic regulation and control. In accordance with the guidelines set forth in the central authorities' No. 6 Document, we took a series of measures to improve and strengthen macroeconomic regulation and control, with a view to coping with problems in reform and economic development. We made remarkable achievements in this regard.

4. We carried out the anticorruption struggle to improve the general mood of society.

Gyaincain Norbu said: In our region today, the economy is further developing, the political situation is stable, and the unity of nationalities is further strengthened. New progress has been made in various social undertakings. The overall situation is good.

On the guiding principles for this year's economic work in Tibet, Gyaincain Norbu said: The guiding principles for this year's economic work across the region are to: implement in an all-round way the guidelines laid down by the third plenary session of the party's 14th central committee and the fifth enlarged plenary session of the fourth regional party committee; accelerate the pace of reform with a view to establishing a socialist market economic structure; open up wider to the outside world; continue to improve macroeconomic regulation and control; step up infrastructure construction; vigorously

readjust the economic structure [da li tiao zheng jing ji jie gou]; continuously improve economic results; and strive to promote a sustained, rapid, and healthy development of the region's economy.

In arranging this year's economic work, Gyaincain Norbu particularly stressed: We should deepen reforms according to the national plan in this regard. On the principles of being positive and steady, proceeding in an orderly way and step by step, and making appropriate adaptations in the light of different conditions, we should carry out reforms in an all-round way and make sure that our systems are compatible with those in other parts of the country. We should seize the opportunity to accelerate economic development. At the same time, we should maintain social stability and create a favorable environment for reform, opening up, and economic development. We should concentrate our financial resources on infrastructure construction.

On ensuring the smooth progress of reform and development, Gyaincain Norbu pointed out: Development is the foundation of social stability, and reform gives development a tremendous stimulus. Only by maintaining social stability will it be possible to smoothly carry out reforms, open to the outside world, and make economic development. Therefore, we should correctly understand and handle the relationship between reform, development, and stability. Under no circumstances should we maintain stability in a negative way without carrying out reforms. Meanwhile, we should take measures to prevent troubles, especially serious ones, from occurring. The tasks of reform and development for this year are very arduous. To accelerate the establishment of a socialist market economic structure, we should carry out reforms faster, more extensively, and more in depth. Generally speaking, we are really in a favorable period for reform and development. However, there are also some problems which cannot be ignored. Reform is bound to touch or break old systems, old economic relations, and old patterns of interests and to give rise to new contradictions and problems. In Tibet, which is conditioned by many factors and where various contradictions are intertwined, carrying out reforms is not only very difficult but involves certain risks as well. Party committees and governments at various levels should have a clear understanding of this situation. They should fully assess problems and make all possible preparations against the occurring of serious problems so that they will not hesitate about what move to take and that the progress of reform and development will be affected.

On further ensuring the smooth progress of reform and development, Gyaincain Norbu stressed: We should always adhere to the principle of grasping two links at the same time, effectively perform mass work, extensively carry out the anticorruption struggle, and further strengthen our leadership.

In concluding, Chairman Gyaincain Norbu called on cadres and people throughout the region to guide themselves with the guidelines laid down by the third plenary

session of the party's 14th central committee and the fifth enlarged plenary session of the fourth regional party committee, to work hard in unity, and to strive to bring about a new situation in the region's economy.

Official Addresses Conference

OW1202012994 Lhasa XIZANG RIBAO in Chinese 20 Jan 94 pp 1, 3

[Article by reporter Zheng Weifu (6774 4580 1381): "Work Conscientiously With One Heart and One Mind To Push Economic Reform and Development to a New Height—Regional Economic Work Conference Ends Triumphantlly"]

[Text] A five-day regional economic work conference ended triumphantly at the Lhasa People's Hall on the afternoon of 19 January. Yang Chuantang, Standing Committee member of the regional party committee and executive vice chairman of the regional government, made a closing speech. He urged cadres across Tibet to, in line with the tasks and objective set by the Fifth Enlarged Plenary Session of the Fourth Regional Party Committee and by the current conference, work conscientiously with one heart and one mind to push the regional economic structural reform and development to a new height.

Gyamco, executive vice chairman of the regional government, chaired the conference.

Attending the conference's closing were regional leaders Gyaincain Norbu, Guo Jinlong, Buqiong, Puqung, Senqen Lozong Gyaincain, Pudoje, Gong Daxi, Baima Duoji, Gying Puncog Cedain, Zeren Sangzhu, Yang Song, Ciren Zhuoga, Luosang Dunzhu, Jimzhong Gyaincain Puncog, Cedain Zhoima, and Zhou Qishun; as well as Yang Youcai, chief procurator of the regional people's procuratorate.

The conference transmitted and studied the guidelines of the national economic work conference and conferences of special trades convened by the relevant state departments, analyzed the current economic situation, mapped out arrangements for the regional economic structural reform and economic work in this year, and discussed and revised a number of major reform measures. During the conference, its participants held animated discussions on the conference documents, focused on the theme of reform, development, and stability; and offered many constructive suggestions and opinions.

Comrade Yang Chuantang said: Through study and discussion over the past few days, conferees have deepened their understanding of the necessity of accelerating the establishment of a socialist market economic structure, increased their sense of responsibility and urgency toward expediting reforms and promoting economic growth, clarified the guiding principles and tasks of this year's economic work and the basic ideology for reform, and strengthened their confidence in successfully carrying out the tasks. They agree that the conference,

which has witnessed in-depth study of issues centering around a clear-cut theme, reveals a new outlook of reform and opening up, a new momentum of hard work, and a prevailing mood of concentrating all resources on economic construction.

Discussing the conference guidelines, Yang Chuantang pointed out: It is necessary to, first, study; second, transmit; and third, organize the implementation of the guidelines effectively.

Comrade Yang Chuantang said: The theory and practice of China's socialist construction and development have testified that reform is the propelling force for economic expansion and the only way for liberating productive forces and opening up a new situation in the work of all fields. The rapid growth of the regional economy over the past more than a decade has been achieved mainly through reform. To continue our advance and effect a new leap in the future, we should continue reforms. At present, we are facing an excellent opportunity of accelerating the development as well as the pace of reform. This is because, first of all, through the 15-year practice of reform, we have accumulated rich experiences and promoted reform from single to comprehensive projects. Second, Deng Xiaoping's talks during his southern tour and the 14th CPC National Congress have determined the establishment of a socialist market economic structure as the objective of reform. Third, the nation and the region have increased their overall economic strength and laid more solid material foundations. Fourth, the broad masses of people have greater tolerance and sense of urgency for reform, while party committees and governments at all levels are more capable of grasping the tasks of reform. Fifth—and most important of all—we have the theory of building socialism with Chinese characteristics as our guide and the strong and effective leadership of the party Central Committee. We must not miss the opportunity. Therefore, to strengthen the intensity of reform and quicken the pace of reform is an inevitable trend of history. He said: As far as the question of reform is concerned, whoever takes a firm grip and makes an early start will achieve faster growth; and whoever makes a slow start will lag behind and be placed in a passive situation. Without making reform, or making slow-paced reform, we will retreat. In a sense, the rate of economic growth depends on the range and intensity of reform.

Yang Chuantang called on leaders at all levels to raise their understanding of the importance and urgency of reform, guide the overall situation through reforms, work relentlessly and innovatively in carrying out this year's reform measures, and promote economic development through reforms, thereby opening up a new situation in all fields of endeavor in Tibet. As far as this question is concerned, it is necessary to achieve unity in not only thinking and understanding, but also in action. Meanwhile, leaders at all levels should step up study and practice, constantly studying new circumstances and solving new problems. They should, in the light of the realities of reform, opening up, and the modernization

drive, diligently study the basic tenets of Marxism and the important theory of building socialism with Chinese characteristics; the party Central Committee's line, principles, and policies; knowledge of the market economy and modern management and science; and knowledge in general so they can become experts in developing a socialist market economy. In the course of study, they should be bold in exploration and practice. As reform is a penetrating and complex evolution, temporary differences in thinking and understanding are only natural. However, once a reform measure is adopted, it is necessary to organize its implementation. When in doubt on an issue, it is necessary to apply the criterion of "conductive to three causes," avoid squabbling, explore further, and be bold in practice so as to unify understanding and emancipate the mind through the practice of reform. Moreover, it is also necessary to discover and use advanced models as pacesetters, as well as to identify and help typical cases of lagging behind in reform, thereby promoting reform as a whole through grasping both ends to bring along the intermediate zone.

Yang Chuantang emphasized: The key to achieving, or more effectively achieving our established goal, lies in concrete action. Upon returning to their work units, conferees should translate the conference guidelines into concrete action in every aspect of work and ensure effective implementation of each and every policy measure. They should vie with each other in striving to achieve fruitful results in the course of implementation. It is necessary to strictly enforce a responsibility system, and clearly define tasks and requirements, as well as reward and penalty. While implementing various tasks, it is imperative to improve the style of work, and encourage the pragmatic spirit of more solid work and less empty talk. To this end, leading cadres at all levels should guard against and overcome piles of documents and countless meetings, the formalism of issuing general calls while lacking concrete guidance, and the bureaucratism of divorcing from realities and failing to go down to the grass roots to do concrete work. They should periodically go down to the frontline of reform and development to conduct investigation and study, to give guidance in work, and to discover and solve problems in good time, thereby facilitating the smooth progress of reforms. Meanwhile, in carrying out a new reform measure, it is necessary to stress scientific approach; under no circumstance should we do things on the spur of the moment or according to subjective wishes. We should conduct scientific verification based on investigation and study to ensure each and every policy measure and specific project can yield the optimal economic and social benefits. In improving the workstyle, it is also necessary to attach importance to and strengthen the mass work. We should foster a firm awareness of the masses; and periodically go down to the grass roots to mingle with the masses, to do thorough and meticulous mass work and propaganda and guidance work, to listen to the opinions of the people, and to grasp the pulse of the man in the street. We should conduct in-depth investigation and promptly solve problems reported by

the masses in general. Meanwhile, we should care about the livelihood of the people, paying particular attention to those who still do not have enough to eat and wear, to workers of enterprises in production stoppage or semi-stoppage, and to retirees. We should show the concern of the party and government for them by helping them solve practical problems, thereby forging closer ties between the party and government and the masses, safeguarding and bringing into better play their enthusiasm, and working concertedly to more successfully carry out the three major tasks of reform, development, and stability.

In conclusion, Yang Chuantang said: The whole year's work depends on a good beginning in the spring. While transmitting and implementing the conference guidelines, all localities should pay close attention to economic work, spring farming preparations in particular. They should step up efforts to organize the allocation and transportation of chemical fertilizers, pesticides, seeds, and other agricultural production means, ensuring their prompt delivery for spring farming. Industry, communications, commerce, and capital construction departments should also conscientiously implement the tasks set by the current conference and the regional planning conference, striving to get off to a good start and lay a sound foundation for comprehensive fulfillment of the various tasks for this year. Public security and judicial organs, mass organizations, and civil affairs departments should also make their share of contributions to creating a favorable social and external environment for reform, opening up, and economic construction. He said: This year will be a crucial year for promoting overall reform and achieving a breakthrough in key areas. Cadres throughout the region should, in accordance with the tasks and goal set by the Fifth Enlarged Plenary Session of the Fourth Regional Party Committee and the current conference, work conscientiously with one heart and one mind; and channel the enormous enthusiasm of the broad masses to reform in promoting the expansion of productive forces and accelerating economic construction in Tibet so as to greet the 30th anniversary of the establishment of the autonomous region with outstanding achievements in building material and spiritual civilizations.

Tibet Vice Chairman Comments on Economy in 1993

OW1002132994 Lhasa Tibet People's Radio Network in Mandarin 1430 GMT 1 Feb 94

["Radio Talk" by Yang Song, vice chairman of the Tibet Autonomous Region People's Government: "Sum Up the Economic Work Accomplished in 1993 and Expedite Reform and Economic Development"; date not given—recorded; from the "News" program]

[Text] The year 1993 was an important year in which Tibet accelerated the pace of its economic development through earnestly implementing the instructions Comrade Xiaoping made in his important talk in southern

China and the guidelines laid down by the 14th national party congress. In 1993, people throughout Tibet, under the regional party committee's correct leadership and guided by the goal of building a new socialist market economic system, made every effort to carry out reform and promote development. We focused on attention on the following five projects:

1. We strove to emancipate our minds and heighten our sense of urgency to develop the economy. Following the Fourth Enlarged Plenary Session of the Fourth Tibet Regional Party Committee, we launched all kinds of sizable discussions throughout Tibet about the need to emancipate our minds and change our mindset. We also sent groups of different sizes to other parts of the country to study their experiences. As a result of studying the instructions and guidelines as well as the discussions and visits, our cadres and masses have explored new ways of thinking, broaden their visions, and realized the big gap between our economic development and that in other parts of the country. Our awareness of the need to speed up reform, opening up, and economic development has heightened noticeably. At the same time, we have discovered Tibet's potential and strengths for economic development. Consequently our confidence and courage of developing our productive forces and revitalizing Tibet's economy heightened noticeably, and our enthusiasm of making plans for launching development projects, building markets, and setting up businesses soared with each passing day. An environment highly favorable for economic construction began to take shape in Tibet.

2. Guided by the goal of building a socialist market economic system, we made constant efforts to intensify reform. First, we firmly gave our enterprises their operating autonomy and strove to improve the environment for their production and operations by fully implementing the State Council's Regulations for Changing the Operating Mechanisms of State-Owned Industrial Enterprises and the regional government's procedures for implementing those regulations. Second, we restructured the systems governing planning, registration of enterprises, and setting prices. That was a major step we took on our way to establish a socialist market economic system. Third, we adopted various ways to establish and improve our market system. Through borrowing money from banks, raising capital ourselves, and forming partnership, all our prefectures and cities established many markets for trading agricultural products, livestock, and industrial goods. This has enlivened the economy and provided the needed services for city and rural dwellers to improve their livelihood. Fourth, we drew up the necessary policies needed to encourage and support the development of independent and private business.

3. We broadened the scope for opening wider to the outside world as well as all channels for bringing in resources from other parts of the country and establishing ties with the outside world. First of all, we put an end to the situation where foreign trade enterprises could monopolize the business, encouraged and supported all

types of enterprises to take part in ocean-going trade [yuan yang mao yi] and border trade. By launching these programs, our enterprises have diversified their business, and more people have come to know how to conduct foreign trade. Secondly, we set our minds in motion, broadened our vision, and broadly promoted Tibet's economic partnerships with other provinces and foreign countries. Taking advantage of the various channels, all prefectures, cities, and enterprises in Tibet succeeded in bringing in resources from the outside world and establishing partnership projects with counterparts elsewhere in the country. In 1993, Tibet officially approved more than 40 projects of bringing in outside resources and establishing partnerships with other parts of the country. These projects amounted to negotiated investments of 67.11 million yuan and \$9.63 million. Third, by encouraging enterprises to invest in other parts of the country, we merged Tibet's rich resources with the markets and technological strengths in other parts of the country. A pattern for Tibet to open itself to all directions began to take shape.

4. Tibet succeeded in building its infrastructure—especially those projects relevant to the development of energy resources and communications and telecommunications services. In 1993, the region invested 1.59 billion yuan in fixed assets, topping that of the preceding year by 15 percent. Compared with those projects accomplished in the past, the quality and progress of all priority projects were better and faster.

5. We ensured a healthy economic development by intensifying and improving macroscopic regulation and control. Last year, basing on the guidelines in the No. 6 Document issued by the Central Committee and in view of Tibet's reform and development problems, we adopted a series of effective measures to intensify and improve Tibet's macroscopic regulation and control. First of all, to put banking affairs in order, we corrected various lawless interbanking lending businesses and unruly money raising conduct. By the end of last year, banking departments in Tibet had recovered more than 200 million yuan of day-to-day loans, or more than 60 percent of the extended loans; and rejected more than 2.5 million yuan previously approved to be extended to borrowers as their collectively raised funds. Second, we banned all unwarranted levies and fines, and abolished more than 80 of the 1,320 paid services that had been screened. By doing this we have lessened the burdens of enterprises and the masses. Third, we launched a widespread taxation, fiscal, and price inspection and discovered illegal transactions involving 17.8 million yuan. Of this amount, over 2.6 million yuan has already been delivered to the treasury. Because of these measures, we have effectively stopped the massive outflow of capital, ensured the needs of priority projects, tightened financial and economic discipline, protected the interests of enterprises and people in cities and countryside, and brought about a healthy national economic development.

The successes achieved in launching these five projects have powerfully expedited Tibet's economic construction. It is estimated that Tibet's GNP will reach 3.65 billion yuan in 1993, or 8.1 percent higher than that of the preceding year when calculated in terms of comparable items. In 1993, Tibet's total agricultural output reached 2.228 billion yuan, or 5.3 percent higher than that of the preceding year; its total industrial output reached 470 million yuan, topping that of the preceding year by 7.8 percent; the region's revenues reached 149 million yuan, topping that of the preceding year by 37 percent; and the average per capita income of peasants and herdsmen reached 515 yuan, an increase of 5.1 percent over that of a year before. This shows that Tibet's economic development as a whole has been fast and healthy.

The year 1994 is a year crucial for accelerating the pace of building a socialist market economic system. It also is an important year in which Tibet will greet its 30th founding anniversary with outstanding successes of national economic development. To achieve a breakthrough in reforming Tibet's economic system and even better results in developing Tibet's social productive forces during the New Year, the regional people's government recently called a regional economic conference to study the guidelines, general policy, and specific programs for reforming Tibet's economic system—which will be promulgated one after another for implementation after they have been revised. On the basis of analyzing Tibet's economic development in 1993, the conference also studied and came up with certain major economic development projects for 1994. These projects include: Focusing on increasing the incomes of peasants and herdsmen, Tibet will energetically develop the economy in its agricultural and pastoral areas, strive to explore new areas for economic development, and do what is essential for expanding Tibet's capacity for future economic development. To ensure a smooth reform and economic development, we will continue to stabilize Tibet's political and social situation, promote administrative ethics, provide stronger leadership, improve our style of work, and do a good job in educating the masses. As long as people of all nationalities in Tibet understand the need of reform, support reform, throw themselves in reform, and concentrate their efforts on studying how to develop Tibet's economy—as they have always been doing—we certainly can make even greater strides in building a socialist market economic system during the New Year, and we certainly will be able to bring about significant changes when Tibet marks its 30th founding anniversary.

XINHUA Views Prosperity of Tibetan People
OW1702142294 Beijing XINHUA in English 1320
GMT 17 Feb 94

[Text] Lhasa, February 17 (XINHUA)—To pray for good harvests, Tibetans traditionally fly religious flags in five colors over the roofs of their houses during the Tibetan Spring Festival, which starts on February 11.

The blue stands for the sky, the white for clouds, red for fire, green for water and yellow for the earth.

In recent years, however, locals have also raised the country's five-star national flag together with Buddhist flags.

Under a bright sun and backed by white walls, the national flag flutters in the wind at the gate and the colorful banners fly on the rooftops.

Jodgu, a local guide to visitors, explained that hoisting religious banners shows the Tibetans' centuries of devotion to God while hoisting the national flag manifests their pride in China, their strong country.

Purpu Zhaxi, from Xe village in the Lham suburbs, agreed with Jodgu, saying that flying the flag is a token of gratefulness to the government for the big changes in his family.

"By 1985, hardly a household in our village of more than 60 households had one TV set or could eat delicious meals," he said, while a light tune to greet guests streamed from his stereo system.

Atop the stereo cabinet were a butter lamp, qingke barley liquor, oranges, apples, preserved fruits and other delicacies beneath an image of Buddha.

"Now, however, most of the households have built new houses and bought color TV sets.

"These were all brought about by the good policies of the Chinese Government. With a comfortable life, don't you think we should remember the government when we are enjoying ourselves and welcoming the advent of a new year?"

Tibet Nuns Escape, Recount Prison Experiences
HK1702080694 Hong Kong MING PAO in Chinese 17
Feb 94 p 18

[Article by Kao Yuan (7559 0626): "A Group of Tibetan Nuns Denounce Communist China's Repressive Rule"]

[Text] People of the Tibetan Kangpa tribe are reputed to be either devout Buddhists or lawless people. The Buddhist nuns did not know to which category their Kangpa guide belonged when they tried to escape Tibet. The guide had ferocious features and carried a dagger inside his fur overcoat. He planned to lead the nuns on a dangerous winter journey to Nepal across the Himalayas. For his services, he took most of the money the nuns were carrying.

Before they set off, the guide took 800 yuan from one of the nuns, an amount equal to three months' worth of the average Tibetan's income. The guide also told them that if they were caught by Chinese soldiers, they must not reveal his function as a guide, otherwise he would lose his life.

The long journey across a world of ice and snow exhausted the nuns. They carried only some dried meat and barley as food, and wore only sneakers on their feet. Every one of them wore only a few loose blouses, one coat, and one blanket. It normally takes 25 days to travel to Nepal, but the guide knew that the weather in December often turned bad and that if they met with snowstorms, the nuns certainly would be killed by the cold.

One nun said that on the journey, the guide continuously urged them to move faster. If there were Chinese guards, they could not even use a torch when moving at night. They passed somewhere very near Chinese guards' checkpoints, so if anyone had so much as coughed, they would have been arrested. They did not make a fire, and just slept on sand, rocks, and snow. They walked along some meandering trails, and passed narrow and dazzling plank trails built along the cliff faces when they approached Mount Everest. Anyone who fell from the plank trails certainly would have their bodies smashed to pieces. They braved the strong winds and moved ahead, but they consumed all the food on the 17th day and found it extremely difficult to continue the journey! On seeing the green hills of Nepal, the nuns hugged each other with untold joy.

Their happiness was transient, however, because they met Nepalese police who asked for bribes and said that the nuns would be repatriated to Tibet if they did not pay up. The nuns did pay, but they were still arrested and jailed for a number of days in Kathmandu. After that, their rescuers took them to India's Darjeeling, where the Dalai Lama, Tibet's spiritual and political leader, lives in exile.

Two motives made the nuns face the hard journey across the Himalayas so bravely. First, they wished to pursue their religious belief under the leadership of the Dalai Lama. Many Tibetan people believe the Dalai Lama is the incarnation of the Bodhi. The nuns also wanted to tell human rights organizations about their sufferings in a Chinese prison, where they were tortured, beaten, and humiliated. Their testimony will expose the hypocrisy of the Beijing authorities' propaganda about the improvement of human rights conditions in Tibet. The Clinton administration was threatening to rescind China's most-favored-nation status unless Beijing stopped persecuting dissidents and respected Tibet's religion and culture. The story told by the nuns made people doubt China's willingness to relax its high-handed rule in Tibet. A number of Tibetans were put into prison for openly criticizing China's restraints on Tibetan culture. One of them protested for only for 90 seconds, shouting: "Long live the Dalai Lama" and "Freedom for Tibet." He then was taken away by the secret police.

For their protests, the nuns were jailed three years. In prison, they were beaten and were assaulted with electric batons on their tongues, breasts, and legs.

One nun said she was told that the Chinese Government had arrested a nun and cut her breasts off. She decided to do something because when she was only 15 years old she was arrested. She was also beaten when being interrogated under torture.

Another form of torture experienced by another nun was called "flying a plane." She was tied up by the thumbs, hung from the ceiling, and beaten. She also was assaulted with a cattle prod. She said that the policemen demanded that she put out her tongue; they then used a cattle prod on it. The attack made her lose consciousness. After she fell, they took her up and repeated the torture.

All the nuns were held in the prison most well-known to Tibetan people, which is located not far from Lhasa. In prison, they met a woman who had been jailed for participating in the 1989 demonstrations for Tibet independence. There, the woman showed them how Chinese prison guards had used scissors to cut off her breasts. One of the woman's toes was cut almost off and was dangling on her foot.

After the nuns were released, they were not allowed to return to the monastery. Nuns and monks have always been the vanguard in opposing Chinese rule in Tibet, and they began their resistance as soon as Chinese troops had entered Tibet in 1950. Human rights organizations have said that 70 percent of prisoners in Tibet were Buddhist monks and nuns.

North Region

Beijing Courts Handle Over 70,000 Cases in 1993
SK1702041394 Beijing BEIJING RIBAO in Chinese 24 Jan 94 p 6

[Text] In 1993, Beijing's courts at all levels tried and concluded over 70,000 criminal, civil, economic, and administrative cases, of which about 10.5 percent, more than 7,400 cases, were criminal cases concluded in the first trial; about 55.6 percent, more than 38,000 cases, were civil cases; and about 11.1 percent, more than 7,900 cases, were cases on economic disputes.

In coordination with the anticorruption struggle, courts at all levels in the municipality meted out sentences to over 2,700 criminals for embezzlement, taking bribes, and misuse of public funds, of whom over 1,000 were sentenced to more than five years of imprisonment, life imprisonment, or death.

In the meantime, Beijing's courts at all levels persisted in promptly and strictly cracking down on criminal elements that seriously endangered public security. Over 4,900 such criminals were sentenced, including 160-odd murderers, 1,000-odd robbers, and 560-odd rapists. The courts at all levels also held over 100 rallies to pronounce sentences, thus maintaining the momentum of the strict crackdown activities and effectively frightening criminals.

In trying economic cases, courts at all levels in the municipality received over 7,000 cases on economic disputes in 1993, up 27.9 percent from the previous year, and concluded over 6,900 of them. Money involved in these disputes totaled 1.69 billion yuan, up 122.4 percent.

Beijing Adopts Foreign Trade Reform Measures

HK1702134394 Hong Kong LIEN HO PAO in Chinese
17 Feb 94 p 22

["Special dispatch": "Beijing Adopts Five Measures for Reforming Foreign Economic Relations and Trade"]

[Text] Beijing, 16 Feb (LIEN HO PAO)—To speed up the reform of the foreign economic relations and trade structure and to speed up the pace of using foreign capital, Beijing Municipality has formulated five measures for reforming foreign economic relations and trade this year:

1. Improve the investment environment and guide the direction of foreign investment. The following things are to be done in this area. The first thing is to formulate short-term and medium-term plans for using foreign capital, to strengthen the construction of urban infrastructure, to strengthen legislation of economic laws involving foreigners, to create conditions for treating foreign-invested enterprises like those run by local people, and to improve services for using foreign capital. The second thing is to guide foreign businessmen to focus their investment in infrastructure, basic industries, high-technology and new-technology industries, and the technical transformation of old enterprises, to encourage running export-oriented enterprises, and to run Sino-foreign joint ventures of railways, expressways, and power plants. The third thing is to absorb investment of transnational and well-known corporations. The fourth thing is to explore new forms of using foreign capital. Infrastructure projects are to try to follow the building-operation-transfer process in using foreign capital. The Beijing International Industry Consultancy Holdings Corporation is to be established to invite tenders and to introduce foreign capital. Listed share-holding enterprises are to be encouraged to issue B shares if conditions are available and the financial institutions concerned are to be encouraged to issue bonds abroad. The fifth is to use foreign capital to develop commerce and to strive to increase the number of projects selected for experimentation; to explore how to use foreign capital in monetary affairs, insurance, and financial companies; to attract major foreign corporations with powerful strength to make investment in real estate and to use foreign capital to develop tourism; to make use of foreign capital to set up professional and service organizations for consultancy, information, quality accreditation, and professional appraisal; and to run accounting, auditing, and law office joint ventures on a trial basis.

2. Deepen foreign trade reform, change the mechanism of enterprises, and move toward the modern enterprise

system. State-owned enterprises for foreign economic relations and trade are to be reorganized according to the modern enterprise system. A municipal import, export, credit, trust and investment corporation is to be set up to manage and operate the state assets of economic and trade enterprises of the whole municipality and to ensure that the value of state assets is maintained. The work of projects selected for experiments on the system of listing shares of garment import and export companies is to be grasped firmly. In this year, one third of the foreign trade enterprises are to carry out reform and to institute the share-holding system, the limited liability company system, and the share-holding cooperation system. Restrictions on ownership are to be removed and a new pattern of foreign trade which takes state-owned foreign trade enterprises as the main body and incorporates the common development of various forms of ownership is to be formed gradually. Restrictions on the scale of operation are to be removed; the division of work according to specialities in the management of export commodities is to be abolished; and diversified management is to be extensively carried out, while import and export activities remain the major business. Finally, various kinds of large groups for foreign economic relations and trade are to be organized.

3. Develop resources to earn foreign exchange and change the structure for swapping foreign exchange. Barter trade is to be expanded; trade in technology is to be promoted; and trade in the service industry is to be developed with great efforts.

4. Develop overseas enterprises. Large enterprises and large groups are to be encouraged to develop their businesses abroad, and several influential transnational corporations are to be set up.

5. Carry out organizational reform with a view to strengthening macro regulation and control.

XINHUA Describes Life of Foreigners in Beijing

OW1702094494 Beijing XINHUA in English 0632
GMT 17 Feb 94

[Text] Beijing, February 17 (XINHUA)—Foreigners living in Beijing are enjoying more opportunities to get insights into Chinese people's lives while China is opening wider to the outside world.

Nicole Theisen, whose husband works at a German company's liaison office in Beijing, is fond of sitting in an old-fashioned tea house beside the Temple of Heaven in south Beijing, chatting with ordinary people and enjoying local songs.

"I hope that Beijing will have more places like this, where foreigners can talk freely with Chinese people," she said, noting that her hotel is pleasant enough as long as it does not turn into a cage.

However, many foreigners have found their own ways to get close to local people. Harald W. Villages, chief

representative of the Walter Bau ag Company of Germany in Beijing, often strolls in the streets at weekends and has random chats with passers-by.

"Beijing people are willing to talk about the issues of their lives, such as prices and incomes," he said, "and they are also eager to learn about our lives."

While China opens wider and wider to the outside world, the number of foreigners living in Beijing is increasing. Most of them are diplomats, business persons, students, journalists and experts employed by Chinese units. The total number of foreign residents in the city is estimated at over 10,000, but there is no exact official figure.

Local companies and authorities provide chances for foreigners to mix with Chinese people. The Beijing Foreign Enterprises Services Company, a commercial company providing personnel and administrative services for foreign companies, frequently introduces foreigners to villages in the suburbs of the city, where they may go into any house to visit farmers. Many people bring their children to the farmers' houses, where the kids see goats, roosters and oxen for the first time.

But many people prefer to seek fun in the city. Joshua Ureneck from the United States said that young people tend to go to bars and discos which open late into the night.

Alex Vander Pol, a student from the U.S., said that the entertainment in Beijing is catching up with that in the coastal city of Shanghai in east China.

"But there are still not many places to go in the city," said Joshua who works with "CHINA PICTORIAL". He added that some hotels and parks charge foreigners higher prices than local people. And in some universities, tennis courts are separated for Chinese and foreign students, respectively.

"I don't want to be called a foreigner; I want to merge with Chinese people," Joshua said, adding that he hoped these ridiculous things left over from a closed China will disappear soon.

Joshua has made his own efforts to break down the barriers by setting up the Beijing Foreign Basketball League last August. The basketball league is exclusive. All its six teams are composed of students and businessmen from abroad. They play each other every week and form an "all-star" team to play Chinese amateurs from other parts of the country.

He said that both foreign and Chinese people are enthusiastic about the game. He explained that foreign people in Beijing may be sucked into limited circles at hotels and never get a chance to become involved with Chinese people. "But on a basketball court, you are as close to each other as you can get," he said.

Hebei Province Holds Seventh Plenary Session

Secretary Addresses Session

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[Speech by Cheng Weigao, secretary of the provincial party committee, at the Seventh Plenary Session of the Fourth Provincial Party Committee on 23 December 1993; place not given]

[Text] 1. The provincial economic and political situation is fairly good this year. Now, we are actually confronted with a favorable opportunity of reform, opening up, quickening of development.

The economic construction continuously develops at a faster speed on the basis of the fast development in 1992. The production and investment growth rates in 1993 surpass the growth rates in the Seventh Five-Year Plan period and the first two years of the Eighth Five-Year Plan period. New headway has been made in the enterprise reform dominated by the establishment of the socialist market economic system and some other auxiliary reforms. This year, the province has made the biggest strides for opening itself to both domestic areas and foreign countries. The province registers big increases in the number of newly signed, newly started, and newly completed projects relating to the three types of foreign-funded enterprises as well as in the amounts of foreign exchange earnings through exports by the three types of foreign-funded enterprises. The province's situation characterized by political and social stability has been consolidated and developed. Prominent contradictions, problems, and difficulties are as follows: When compared with the secondary industry which is under rapid development, the primary and tertiary industries are developing at a relatively slower rate. The readjustment of the product mix of the trades with competitiveness fails to keep abreast of the development of the market economy in the course of developing the industrial economy. The pace of opening to the outside world is not fast enough. The security situation is still grim. The thinking and work style of the cadres contingents cannot suit the setup of the grass-roots organizations. These problems should conscientiously be solved in the course of reform and development.

The next seven years is a key period for realizing the province's second-step development target. According to the guidelines of the 14th party congress, the Third Plenary Session of the 14th Party Central Committee, and the Fifth Plenary Session of the Fourth Provincial Party Committee as well as the requirements as set forth in the "Hebei Economic Rejuvenation Program," the province set forth three specific targets for reform and development by the end of this century: First, the province should ensure a 500-percent increase in its GNP and strive to register a 700-percent increase, and ensure that the people will become fairly well-off. Second, the province should raise its ranking in the

whole country in terms of the main national economic targets and stand among the rank of economically powerful provinces. Third, a new socialist market economic system should take preliminary shape. Viewing the practice in the first three years of the 1990's, we know that the province will not only be able to completely register a 500-percent increase in the GNP but also have prospects for making a 700-percent increase so long as in the next seven years, the increases in the GNP and the input to fixed assets are continuously maintained at 1993's levels.

To win a tough battle in reform and development in the next seven years, we should double our efforts and conscientiously achieve 1994 work. The year 1994 is a key year for our country to promote the package economic reform and make breakthroughs in key areas as well as a decisive year for our province to implement the "program for rejuvenating the economy" and realizing the second doubling target.

The provincial party committee's general requirements for the 1994 work are: Resolutely implement the guidelines of the third plenary session of the 14th party Central Committee and the national economic work conference; work closely in line with the main subjects of intensifying reform, expanding the scale of opening up, quickening development, and building Hebei into an economically powerful province; emancipate the mind; seek truth from facts; work hard; and create new special features, make new strides, and create new levels for the building of the two civilizations. The key to realizing these requirements is to further emancipate the mind, renew our ideas, and carry forward the spirit of having the dare to think and do pioneering work. We must not miss the favorable opportunities by hesitating or by adopting a wait-and-see attitude, slow down our development by grumbling and fearing difficulties, widen our differences by making vertical comparison and being self-satisfied, or obliterate our pioneering spirit with internal conflict. In grasping the emancipation of minds at present, we should not hold general and abstract discussions and should excel at seizing practical problems that are affecting reform and development. Through the upgrading of theoretical levels and the renewal of concepts, we should enable the emancipation of minds to be truly implemented in a down-to-earth manner and regard fast or slow progress in dealing with these problems as a yardstick in measuring the extent of emancipating minds.

2. We should earnestly implement central arrangements, reinforce the strength of reforms, accelerate the pace of reforms, and quicken the establishment of socialist market economic systems.

In line with implementing the decision on several questions of establishing the socialist market economy systems, which was adopted at the third plenary session, and according to the task of accelerating the establishment of socialist market economic systems, the central authorities will issue a series of important measures for

reforms. Conducting reforms in line with these measures will exert important influence on promoting the organic integration between the socialist basic system and the market economy, on promoting enterprises to advance toward markets and to join in market competitions under fair or just conditions, and on emancipating or developing productive forces. This represents a crucial step taken in building the basic frame of socialist market economic systems. Along with implementing these measures, reforms will be shifted from dealing with shallow-rooted problems to deep-rooted ones and will directly deal with the deep-rooted economic relations and contradictions. Reforms conducted by state-owned enterprises will be aimed at shifting from conceding profits to deeply straightening out property rights. Reforms conducted in developing markets will be deepened from chiefly conducting opening up among commodity markets to establishing the markets of essential factors of production. Reforms conducted in macroeconomic management will be carried out by chiefly doing away with the mandatory plan and delegation of power to lower levels by building systems of managerial measures and operational mechanisms. Reforms conducted in tax systems, in financial affairs, and in systems of investing and raising money will be favorable for separating the ownership and business right of enterprises from the official departments and for creating an equal environment for market competition. Therefore, the significance of various reforms we face is very great and important. Party committees and governments at all levels must fully discern the important significance and pay attention to the following several tasks while conducting organizational guidance over reforms: First, we should enhance study and training and organize cadres at all levels, particularly leading cadres at or above the county-section level, to earnestly study the "decision" adopted at the Third Plenary Session of the 14th CPC Central Committee. Second, we should enhance propaganda through media and do a good job in propaganda and explaining various reform measures by adopting a lively style loved by the masses. Third, we should foster the idea of "taking the whole country into account" and consciously achieve subordinating lower units to their higher authorities and having the partial observe the whole. Fourth, we should correctly deal with the relation between reform and development and integrate the enforcement of various reforms with the economic development of our own localities and departments to truly reach the goal of emancipating productive forces. Fifth, we should correctly deal with the relation between reform and stability; uphold the mass line; and deeply and successfully conduct the work concerning the masses so as to ensure stability in politics and society.

While doing a good job in grasping in an overall way every reform set in the central arrangements, we should concentrate our efforts on grasping reform in the following five aspects next year: 1) By emphasizing the work of boosting large- and medium-sized enterprises, we should shift the operational mechanism of enterprises and establish modern enterprise systems. We should

organize 100 large- and medium-sized enterprises in the province to take up the pilot work of enforcing the shareholding system and establish modern enterprise systems with the main contents of enterprise legal person systems, limited responsibility systems, and scientifically organized systems. Small- and medium-sized enterprises that earn little profits or lose money should adopt various measures to turn themselves into enterprises run by the people, while remaining state-owned or public-owned or to lease and sell themselves out. We should actively promote the transformation of the property right system and establish a property right supervision mechanism to make sure that state-owned assets maintain and increase their value, and we should also conscientiously explore specific measures to eliminate enterprises' historical burden and social burden. We should enliven the use of the assets in stock and facilitate the restructuring of the organization of enterprises to promote the fluidity and reshuffling of the property right of enterprises. 2) We should deepen the rural reform, with the focus on developing high-yield, good-quality, and high-efficient large-scale agriculture and adjusting the production setup of agriculture. In particular, the following three tasks should be taken: We should stabilize and improve the responsibility system with household-based contracts as the major form and the dual operating system combining unified operation with independent operation and strengthen the unified service function of township and village collective economic organizations. We should establish and improve the socialized service system, greatly develop the integrated management of farming, breeding, and processing; of marketing, supply, and production; and of trade, industry, and agriculture; lead the decentralized household operation to link to the integrated large market, and promote the establishment and development of various rural specialized commodity bases and regional pillar industries. We should greatly develop the rural cooperative shareholding system to enable town and township collective enterprises to change their operating mechanism and establish a new enterprise system more rapidly. We should continue to implement the various policies favorable to agriculture and make unremitting efforts to reduce the burdens on peasants. 3) We should further cultivate and develop urban and rural market system and facilitate the shaping of a integrated, open, competitive, and orderly large market. The general demand is to greatly cultivate and develop the market for essential elements of production, improve the commodity market, and standardize market activities according to law. 4) Party and government organs at all levels should actively facilitate institutional reform and establish the state public service system. They should complete this task in a well-guided and orderly manner in three years beginning next year and see to it that their functions are changed, relations are brought into better balance, organizations are streamlined, and efficiency is improved. 5) We should actively establish the provincial-level macroeconomic regulation and control system in the process to promote the reform of state financial and tax, monetary, investment, and planning systems.

3. We should regard opening to the outside world and developing the export-oriented economy as a strategic task to promote the entire economic development.

Opening to the outside world means to open our doors to conduct extensive economic, political, scientific and educational, and cultural exchanges and cooperation with the countries and regions outside the country and outside the border. Not only should we fully assimilate and use all the advanced technology and experiences of the world that are useful to us, but also, guided by the world market, we should actively develop the export-oriented economy and participate in international division of work, international exchanges, and competition of the international market. Through bilateral exchanges and cooperation, we should realize the rational distribution of funds, personnel, technology, and other essential elements of production. Opening to the outside world and developing the export-oriented economy enable us to effectively use the numerous favorable development opportunities provided to us by the international economic environment, to rapidly promote the adjustment and improvement of our industrial composition and product mix, and to raise the starting point and quality of our economic strategies, link with the international market more rapidly, and promote the entire economic development and social progress through the breakthrough in the export-oriented economy. To build an economically strong province, we should first build ourselves into a strong province in opening up. All trades and professions and all localities should open to the outside world more rapidly, use foreign trade to lead the domestic trade, use domestic trade to promote foreign trade, and strive for a faster and greater development in the export-oriented economy.

First, we should persistently pay attention to and develop foreign capital utilization, foreign trade, and foreign economic relations simultaneously. We should adopt various channels and various measures to introduce foreign capital to enterprises of various ownerships and enterprises in various fields. Focusing on using foreign capital to transplant and technically transform large- and medium-sized enterprises, we should accelerate enterprises' technical transformation projects and strive to complete a number of such projects next year. All levels, all departments, and all economic and noneconomic departments should develop their respective advantages to strengthen ties with international consortia, large enterprises, monetary organizations, and noted figures and to build the bridge for bringing in foreign capital and loans from abroad so as to strive to make next year's amount of foreign capital we use double that of this year. We should truly implement the idea of developing large-scale foreign trade with everyone's efforts; pool the efforts of all fields; export through numerous ports; increase the growth rates of export volume, foreign exchange earning; and foreign exchange received to the same level as the growth rate of Hebei's gross national product, and make the growth rate of local ordinary trade and exports of the "three types of foreign-funded enterprises" equal to or surpass the national

average. We should actively develop the tourist business involving foreigners. We should greatly intensify labor service export and contracts for projects abroad, provide great support for the localities and enterprises with favorable conditions to export technology, equipment, and funds, and develop overseas enterprises to change the backward outlook of such work.

Second, we should make continuous efforts to develop the coastal areas of Bohai Sea and the areas around Beijing and Tianjin, achieve breakthroughs in key fields more rapidly, and promote this work in an orderly manner. Leaders of the four cities of Qinhuangdao, Tangshan, Cangzhou, and Shijiazhuang, which are on the forefront of the opening up of the coastal areas of Bohai Sea, should try every means to achieve some significant breakthroughs in opening to the outside world and speed up the change of the focus from domestic-oriented economy to export-oriented economy. Relying chiefly on Beijing and Tianjin, we should promote multidirectional opening to the localities of the country and, in the meantime, promote introduction of investment from abroad through the lateral cooperation at home in order to lead a great development in opening to the outside world.

Third, the province, as well as all cities and prefectures, should define their work priorities and act in coordination and pool efforts in opening to the outside world. From now on, cities, prefectures, and enterprises should gradually become the major participators in establishing foreign economic ties and introducing foreign capital from abroad. Beginning next year, the province should devote major efforts to the priorities of work, namely establishing ties with major customers, bringing in large projects from abroad, and winning the support of the various large central ministries and commissions taking charge of the work involving foreign countries, in addition to holding one or two large investment-inviting activities every year so that the scale and level of opening to the outside world can be improved continuously.

4. Every means should be adopted to make the 1994 economic construction at the same development level of 1993 or surpass it.

The major targets of Hebei's 1994 economic development has been defined, but, in carrying out actual work, we should strive to reach or surpass the 14-percent gross national product increase registered in 1993.

First, we should aim at achieving a fairly comfortable standard of living when drawing up overall plans for rural work. Efforts should be devoted chiefly to the following three tasks. 1) We should speed up the development of high-yield, good-quality, and high-efficient agriculture. In grain production next year, we should ensure steady growth, and, in cotton production, we should be determined to change the large-scale decline of output due to failure to fulfill planting acreage plans. After this, we should adjust and optimize agricultural structure more rapidly in line with market demand in

order to improve efficiency and increase the income of peasants. 2) In line with the principle of attaching equal importance to development and improvement, we should continue to speed up township enterprise development. By carrying out technical transformation and bringing in funds from abroad, we should support and build a number of export-oriented township enterprises that adopt new technology, produce good products, and create high efficiency, expand their scale, and develop enterprise groups. We should draw up overall plans to coordinate township enterprise development with the construction of small industrial zones and small cities, and promote the concentration of township enterprises in geographical arrangements to improve the intensive management level. We should establish a strict mechanism of incentives and link the interests of township and village cadres with the development of local rural economy, especially the development of township enterprises. 3) We should achieve success in family planning to improve per capita production and per capita income. We should conscientiously implement the system of responsibility for population targets and make family planning a decisive criterion for appraisal of work.

Second, by regarding as an emphasis the readjustment of structure and the increase of economic results, we should accelerate the development of industrial enterprises. We should guide enterprises to study, calculate, and open markets; to establish a mechanism with rapid and flexible market reaction; to enhance their sale strategy; and to improve their production in a timely manner according to development and changes in the market. We should reinforce the strength in structure readjustment and guide enterprises to improve their products along the direction of high- and new technologies, fine quality, famous trade mark, standardized operation, and international market standards. Efforts should be made to continuously enforce the "dragon-tiger plan" and the "plan for establishing a large number of enterprises in six fields," to achieve in imposing clear duties on these enterprises and having them be closely coordinated, to promote progress in enforcing the two plans each year, and to carry forward the plans through to the end. We should organize 100 senior specialists to spend one year on investigation and study so as to enable them to put forward suggestions and plans for our province to readjust product mix during the "Ninth Five-Year Plan" period. We should have the out-dated enterprises enhance their technical renovations. From 1994 to the beginning of 1997, our province will have its industrial enterprises covered by the budget conduct technical renovations in line with the demands of products' renewal so as to upgrade the industrial quality as a whole.

Third, we should adopt every possible way and means to overcome funding difficulties and accelerate the construction of infrastructure and key projects. We should strive for investments with fundamental and competitive characters which conform with the state industrial policies, as well as for the credit funds provided by the

state-owned police-lending banks and the monetary institutions. Meanwhile, by having our feet firmly planted in the province, we should extensively open the channels for raising funds. Efforts should be made to vigorously enforce the shareholding system and to establish shareholding companies especially in charge of raising shares for construction projects. We should formulate as soon as possible the "provisional regulations on management over raising social funds," standardize the act of raising funds, and guide the enforcement of special policies on raising funds for key construction projects.

Fourth, we should continuously encourage and support the development of individually run and privately owned enterprises in both urban and rural areas. The united front work departments, the federations of industry and commerce, and the industrial and commercial bureaus at all levels should be closely coordinated and do a good job in line with their work division in rendering services and creating a fine environment and condition for the rapid development of individually run and privately owned enterprises.

Fifth, we should accelerate urban construction with the main tasks of building residential houses for urban people and promote progress in modernizing urban areas. In line with enforcing the state "1994-1996 project of having the people live in peace," a good job should be done in dealing with the housing problems encountered by the households that don't have homes, whose per capita housing acreage is under four square meters, and that are cramped with adult children. We should regard teachers of middle and primary schools, medical and cultural workers, and the staff members and workers of small industrial and commercial enterprises as special targets for assistance. We should work out measures to help them deal with their housing problems. Efforts should be made to actively promote reform in the housing system of urban areas and to enforce the rational division among the state, collectives, and individuals of the burden of housing construction. By meeting the needs of opening up, we should enhance the construction of infrastructures and reinforce the bearing capacity and attraction of urban areas in opening themselves to the outside world.

Sixth, we should accelerate the development of tertiary industry. By proceeding from their reality, localities and departments should formulate rational plans for developing the industry; define their work emphasis; actively conduct guidance; and accelerate the development of this industry. We should concentrate our efforts on firmly grasping the development of industries and trades that are extremely short and that should be developed urgently. Efforts should be made to have the state-owned, collectively run, individually run, privately owned, and foreign-funded enterprises develop the tertiary industry simultaneously and to adopt multiple and flexible styles to make a greater breakthrough in developing this industry.

Seventh, we should accelerate the pace of integrating science, technology, and education with the economy and improve as soon as possible the province's backward outlook in science, technology, and education. Through efforts made in 1994 and 1995, we will enable a large number of large and medium-sized enterprises to establish their scientific research units that are actually able to develop new technologies and products. Efforts should be made to stabilize and reinforce the contingents of agricultural scientific and technological personnel, and to set up or improve the network of popularizing the agricultural technologies. In particular, we should organize or establish a large number of service organizations for science, agriculture, and trade so as to form a "unified" system. Through the elimination caused by the competition we should support, by aiming at the survived key projects, the development and construction conducted by the high- and-new tech industrial parks and improve or develop a large number of technical markets. We should greatly encourage the establishment of a number of non-governmental scientific research institutes, non-governmental scientific and technological enterprises, scientific and technological enterprises owned by the state but run by the people, and "three types of foreign-funded enterprises" engaged mainly in scientific and technological development. Meanwhile, we should pay attention to education next year. The focus is that colleges and universities should deepen the educational reform and succeed in the adjustment of their layout and curricula; vocational and technical education should be consolidated, improved, and upgraded from the current level, and 100 vocational education centers newly established; urban adult education should continue to be made successful, and the transfer of rural redundant labor forces should be resolved through rural adult education; great attention should be given to elementary education to prevent it from declining or being affected; and the "teachers' law" should be conscientiously enforced, and mistakes in wage payments to teachers should no longer occur beginning next year.

5. We should adhere to the strategic principle of attending to two tasks simultaneously and being competent in both and should clarify the tasks, systematize the work, and specify the responsibility for building the socialist spiritual civilization and improving democracy and the legal system.

In line with this demand, we should focus on the following work next year:

First, we should continue deepening the anticorruption struggle. The general requirements on next year's work of building a clean government and opposing corruption are to prevent recurrence of the problems that have already been corrected, step up efforts to address the problems that have not been thoroughly solved, and take remedial measures to make up for perfunctory work; and do a better job in addressing other problems that the masses are most dissatisfied with. New requirements should be put forward based on new conditions on

leading cadres' honesty and self-restraint; measures should be intensified to step up the investigation and handling of major and serious cases; the work to ban unwarranted pooling of funds, wanton requisition of donations, and exaction of fees should be carried out through to the end until actual results are achieved; and conscientious efforts should be made to straighten out and thoroughly correct the problems of some leading cadres at and above the county level who vied with each other to buy deluxe cars, used public cars for private purposes in violation of regulations, wasted public funds in lavish wining and dining and buying gifts, and abused power to occupy excessively large houses, build private houses, or decorate private houses with public funds.

Second, we should make great efforts to check four unhealthy trends. We should strictly investigate and resolutely put an end to the four unhealthy trends of abusing power for extortion, swindling, cheating customers, and telling lies, making false records and accounts, and selling fake and inferior commodities, which have seriously affected Hebei's reform and opening up and its image in foreign countries; local and trade protectionism; as well as partiality in law enforcement for the benefits of friends and relatives.

Third, we should be more resolute in eliminating pornography, the abduction of women and children, and the "six vices." We should adopt the legal means to sternly crack down on all ugly phenomena, such as production and sales of pornographic products, prostitution and visits to prostitutes, abduction and trafficking of women and children, gambling, and sex business.

Fourth, we should continue the struggle of "dealing strict blows." We should make unremitting efforts to sternly crack down on serious criminal and economic offenses and organize special struggles in a timely manner to correct the practice of replacing punishment according to criminal law with fines and excessive leniency in punishment. Public security departments, procuratorates, courts, and judicial departments should strengthen coordination and cooperation to successfully perform their function of dictatorship.

Fifth, we should achieve success in comprehensively improving public security. Through the comprehensive improvement activities, we should reduce incidence of crimes, juvenile delinquency, and serious mishaps and prevent the ugly phenomena from spreading in society. Responsibility for the targets of the comprehensive improvement activities should be resolutely assigned to units and individuals.

Sixth, we should intensify the maintenance of stability among the grass roots. In regard to the instable factors, the grass-roots party and government organizations should realistically assume responsibility in order to nip problems in the bud so as to avoid their expansion and a worsened situation. All localities should strengthen the work of handling visitors and incoming letters from the

masses; strengthen calculation and prevention; and resolutely end and reduce the rising tendencies of collective visits, particularly collective visits to the province and Beijing. It is necessary to set up and perfect the setup of the grass-roots security and civil mediation organizations so as to strengthen the improvement of social order by the masses.

Seventh, we should pay attention to the work toward nationalities and religions. We should pay attention to implementing policies for nationalities and religions. It is necessary to vigorously promote and support the development of the regional economy in the areas inhabited by the minority nationalities. The proper religious activities should be respected and protected. The unlawful activities of using underground religious forces to disturb and damage social stability should strictly be watched and legally be eliminated and attacked.

Eighth, we should make big progress in setting up the legal system. In line with the requirements of the new situation and according to the order of importance and urgency, the provincial people's congress and the provincial government should work out plans to quicken the pace of economic legislation. Simultaneously, we should conscientiously achieve propaganda and education on the legal system and examine and supervise the enforcement of laws.

Ninth, we should improve and strengthen media and propaganda. We should pay full attention to and bring into play the propaganda departments and the mass media's functions for encouraging, inspiring, and guiding the masses; and strengthen the propaganda and education on patriotism, collectivism, socialism, Comrade Jiang Zemin's pioneering spirit, and revolutionary traditions. We should intensify the propaganda on opening to the outside world and expand the influence over the outside world. We should continue to regulate and control the guidance of mass media and do a good job in running the press, broadcasting stations, and television stations.

Tenth, we should vigorously carry out the mass cultural and sports activities. We should build and rebuild some basic cultural and sports facilities and pay attention to building cultural facilities in enterprises, neighborhood committees, and campuses. We should organize more high-quality and high-level performance and competition activities and conduct various kinds of mass cultural and sports activities that various kinds of people are able to participate in.

Eleventh, we should further conduct the activities of creating civilized units and civilized villages. In conducting the army-civilian joint civility campaign, the policemen-civilian joint civility campaign, and the campaign of striving to be "double-support models," we should closely proceed from reality and pay attention to real efficiency. We should vigorously disseminate and popularize Jidong cement plant's experience in creating a civilized unit and cultivating civilized staff members

and workers. We should vigorously advocate and organize such autonomous organizations as mass "wedding and funeral councils," "moral assessment societies," and "antigambling women's societies;" and carry forward good folk customs.

Twelve, the mass organizations should bring into play their functions for building the socialist spiritual civilization. Under the leadership of the party committees, mass organizations should positively engage themselves in the construction of spiritual civilization, bring their roles into play, and organize the activities with their own characteristics. We should go to the grass roots to understand the people's thinking, expectations, opinions, and requirements and conduct the ideological and political work among the masses.

All departments concerned under the provincial party committee and the provincial government should define targets for the fulfillment of the aforementioned 12 tasks, define responsibility to each unit and person, and also set up a strict, scientific, and simple examination and assessment method.

6. The emphasis of party building should be placed on successfully conducting various basic work and upgrading the basic quality of the politics and careers of cadres.

We should have the party manage its affairs and the first leading personnel of party committees should attach importance on grasping party building. We should make all out efforts to enhance the construction of leading bodies and of cadres' contingent as a whole by regarding as a target the work of upgrading the leadership level of leading bodies and the basic quality of cadres' contingent and by proceeding from first dealing with existing problems.

First, we should regard the study of Volume 3 of *Selected Works of Deng Xiaoping* and the theory of building socialism with Chinese characteristics as the fundamental task in building party organizations and in having the cadres' contingent carry out ideological and work style construction. We should realistically do a good job in firmly grasping the study. We should stress the study carried out with a systematic manner; accurately understand and master its fundamental ideology and viewpoints; pay attention to integrating the theoretical study with experience summation; and integrate the study with that of Comrade Deng Xiaoping's scientific attitude, pioneering spirit, and revolutionary morale, with that of the decision adopted at the Third Plenary Session of the 14th CPC Central Committee, and with the promotion of programs in reform, opening up, and economic construction. Localities, departments, and individuals should strive to successfully deal with their prominent problems in line with the integration between theories and practice. Through steady study, we should vigorously upgrade the level of cadres at all levels.

Second, we should realistically enhance the construction of leading bodies at all levels. 1) We should adopt

multiple styles and measures to enhance the education conducted among cadres at all levels and particularly among the leading cadres at or above the county level or of large and medium-sized enterprises with regard to the basic knowledge of socialist market economic systems. 2) We should strictly enforce the democratic centralism and uphold or perfect the specific systems under democratic centralism so as to ensure the smooth circulation of orders issued by the central authorities and the provincial party committee and in order to maintain the unity fostered by leading bodies. 3) On the premise of maintaining the basic stability of leading bodies and in line with the needs of building leading bodies and developing their work, we should conduct consolidation in a planned, step by step manner among a number of them and carry out personnel exchanges of cadres. We should relentlessly and resolutely consolidate the leading bodies that have indulged in disunity, still have not mended their mistakes through education, adversely affected the work, long lagged behind in work, and have committed some serious problems. 4) A good job should be done in vigorously training reserve cadres and upgrading their quality. We should dispatch a large number of reserve cadres to enterprises or rural villages to have them be trained there and upgrade or increase their working capability in practice. We should increase the proportion of reserve cadres at the provincial, city-prefectural, and county levels, who come from the large and medium-sized enterprises, the scientific research units, and the higher educational institutions. 5) We should explore and formulate a set of appropriate policies and methods to foster a grand and outstanding contingent of entrepreneurs, appropriate for market competition. We should attach importance on building the contingent of entrepreneurs as we did for the contingents of local party and government leading cadres. We should not rigidly adhere to a form in selecting or introducing outstanding talented personnel and adopt effective measures of encouragement to stabilize the contingent of entrepreneurs, to create a fine environment for the contingent's healthy growth, and to enable a large number of outstanding talented personnel to show their talent.

Third, we should enhance the managerial systems of cadres and establish an effective mechanism that can appraise the cadres' achievements in a scientific way and employ cadres in line with their achievements. The provincial party committee has decided that effective from 1994 the province will conduct a comprehensive appraisal at the end of every year according to the "work outline" of the provincial party committee and the demand set by the provincial people's government with regard to the attainment of certain objectives over the work done by various departments and commissions under the provincial party committee, by various departments and bureaus under the provincial people's government, and by various cities and prefectures; as well as over the work done by leading bodies and cadres. Meanwhile, appraised results will be regarded as the main basis for replenishing and reinforcing leading bodies and

for carrying out rational readjustment among cadres. Those with outstanding results should be commended; those with necessary conditions should be promoted, put in important positions, and awarded; those who are sluggish in making progress, stagnant for many years, or even drop in ranking should be given a yellow plate as warning and should change their outlook within a fixed time; and those who make no improvement in work, are seriously disunited, have unhealthy trends and many problems, practice fraud, incite great dissatisfaction among the masses, and cause serious problems that have adverse effect on the country should be resolutely reshuffled. In short, those with achievements will have official posts, and those without will not. Only when we promote the cadres who truly have political integrity and ability and have scored achievements and demote those who have not, will we have hope for building an economically strong province. For this reason, organization departments should first straighten out their work styles, appoint personnel on their merits, and never appoint personnel by favoritism or appoint personnel to pursue benefits, not to speak of appointing personnel according to their factions. Organization departments at all levels should further emancipate the mind, update their concepts, proceed from the "three advantages" in doing everything, and evaluate and organize leading bodies and select and use cadres to meet the needs of reform, opening up, and economic development so as to serve as good advisers and assistants to party committees.

Fourth, we should attach great importance to improving grass-roots organizations and exert great efforts to strengthen basic work. In the work to improve the party's grass-roots organizations, rural areas are the weak link, and attention should be concentrated on it next year. 1) We should solve the problems of party branches whose work has paralyzed or half paralyzed, which account for 3 percent of Hebei's total rural party branches. Regarding the five types of villages pointed out in the provincial party committee's "work outlines," we should successfully rectify and transform them according to set targets a group at a time. 2) We should attach importance to improving party organizations of township enterprises. Township enterprises without party organizations should step up efforts to establish them; and those with party organizations should improve their systems and start their activities as soon as possible and enable them to play a good role as a political guarantee. 3) We should adopt various measures to train all rural grass-roots cadres through various forms in two to three years. 4) We should study and formulate a package of systematic methods for management for the cultivation, promotion, appraisal, appointment and removal, training, reward and punishment, and post retirement benefits of rural cadres. 5) We should greatly encourage cadres at various levels, including grass-roots cadres, to develop the work styles of doing practical work and telling the truth and to refrain from switching their behavior according to the intention of higher levels and the expression of leaders, boasting by exaggerating about their experiences and achievements, and telling lies and making false records

and accounts to harm the party, the state, and themselves. "Fake and inferior" activities in leadership work are even more harmful than the "fake and inferior" products of enterprises, and they should be resolutely eliminated. Cadres at all levels should greatly develop the spirit of trying to distinguish themselves and be the best and develop the work style of seeking truth. They should concentrate their minds and efforts on doing work in a down-to-earth manner, bringing more realistic benefits to the people, and making more contributions to Hebei's rapid and healthy economic development so that they can upgrade their work to a new level and achieve new and still greater progress.

Governor Makes Speech

SK0402042294 Shijiazhuang HEBEI RIBAO in Chinese 31 Dec 93 pp 1, 2

["Excerpts" of speech delivered by Ye Liansong, governor of Hebei Province, at the Seventh Plenary Session of the Fourth Hebei Provincial CPC Committee on 23 December: "Strengthen Reform, Open Wider to the Outside World, Accelerate Development, and Build a Strong Province"]

[Text]1. Current Provincial Economic Situation

Under the correct leadership of the party Central Committee and the State Council, the provincial party committee and government have led the people throughout the province to conscientiously study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the guidelines of the 14th party congress since the beginning of this year and, aiming at the general objective of building an economically strong province, have seized the opportunity to deepen reform, open wider to the outside world, accelerate development, and comprehensively implement the "outlines of Hebei's economic development," thus achieving notable results in economic construction, reform, opening up, and other undertakings. Following last year's rapid development, the economy has continued developing rapidly, and the general situation has been good. This year's gross domestic product is expected to exceed 140 billion yuan, an increase of 14 percent, which is one of the largest annual increases registered since reform and opening up started. A fairly good harvest has been won in agricultural production despite catastrophic disasters, with grain output expected at 47.6 billion jin, up 8.9 percent from the preceding year. In industrial production, we have achieved simultaneous increase in growth rate and efficiency and attained the target of increasing the increased value of industry, profits and taxes, and the value of fixed assets and raising Hebei's ranking in the country in the overall index of industrial economic efficiency. The annual entire industrial output value is expected to exceed 200 billion yuan, up 25 percent from the preceding year. Rapid growth has continued in fixed asset investment, with the annual social investment in fixed assets expected at 45 billion yuan, up 34 percent. Township enterprises have registered substantial growth

in both production and efficiency. Their annual output value is expected at 170 billion yuan, up 70 percent. The endeavor of opening to the outside world has made a new headway. The number of the three types of foreign-funded enterprises newly registered this year is expected at 1,700, and the registered foreign capital \$2.26 billion, up 75.9 and 77.2 percent, respectively. The annual volume of exports may reach \$1.95 billion, up 9.6 percent. Revenues have grown steadily, with the annual amount expected to rise by 35.9 percent to reach 13.5 billion yuan, thus a basic balance between revenues and expenditures can be achieved. The monetary situation has notably improved, and the shortage of funds has been initially eased. The economic structural reform has entered a new stage, and achievements in transforming the enterprise operating mechanism have been won for the present stage.

Judging from the general situation, the province has scored great achievements in economic construction, reform, and opening up in 1993. Compared with other provinces, however, Hebei's ranking in the country has not changed, and its gap from advanced provinces has widened.

A specific analysis of the province's economic operation showed that we have the following problems and gaps. 1) Agricultural development has been sluggish, peasants' income has not increased, and cotton production has declined by a large margin. 2) Structural adjustment has proceeded slowly, our products are of a low standing and have a small share in the market, and the small proportion of finely processed products with high additional value has yet to be notably changed. The state sector of the economy still accounts for a small proportion. 3) The extent of reform is not large enough, and the endeavor of opening up has proceeded slowly. In opening to the outside world, we still fail to develop foreign capital utilization, foreign trade, and foreign economic relations simultaneously. 4) The steps to achieve scientific and technological progress are small, and only a small number of scientific and technological achievements has been transformed. 2. The Guiding Ideology and Major Objective of 1994 Economic Work.

The year 1994 is a year for continuously maintaining a rapid economic increase on the basis of achieving a rapid economic development in our province for two successive years, a major year for accelerating the establishment of the socialist market economic structure, and a crucial year for successfully fulfilling the Eighth Five-Year Plan and for doubling the GNP ahead of schedule in the whole province's national economy. In accordance with the guidelines of the national economic work conference and our province's actual situation, the guiding ideology of next year's economic work is to take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as the guidance, conscientiously implement the guidelines of the third plenary session of the 14th party Central Committee, and accelerate the pace of building the socialist market economic structure in line with the overall idea of strengthening reform,

expanding reform, accelerating development, raising efficiency, and promoting a sustained, speedy, and sound national economy in the whole province.

In line with the aforementioned guiding ideology, the major objectives of next year's economic development are: The GNP should increase more than 11 percent over this year, of which, the increased value of primary industry should increase 4 percent, and that of the secondary and tertiary industries more than 14 percent. In line with the demand of the objective of building an economically strong province, we should strive to fulfill this objective in a better manner in the course of implementation and doing practical work in an effort to accelerate the pace of accelerating the building of an economically strong province. At present, we are facing a hard-won good opportunity for reform and opening up. First, next year the state will issue a series of major reform measures to instill vitality into national economic development. Second, through strengthening and improving macroeconomic regulation and control, the short supply of essential production factors, such as funds, should be alleviated. Third, during the next few years, the production capacity of major products and the supporting capacity of infrastructure facilities should be enhanced to a further extent. Fourth, areas around the Bohai Bay should become new hot spots for foreign investment. Fifth, further emancipating minds, seizing opportunity, and accelerating development should become the common understanding of the broad masses of cadres at the higher and lower levels across the province. Meanwhile, we should also recognize that many problems and difficulties will exist in next year's economic development, and the "bottleneck" restrictions, such as the shortage of power, transport facilities, and water resources, will remain serious, funds will remain tight, and industrial raw materials, cotton, in particular, will be in short supply. Judging from the overall situation, comparing the favorable factors with the unfavorable factors, the former have accounted for a major part.

3. We Should Persist in Advancing This Work in an All-Around Manner and Making Breakthroughs in Major Points in an Effort to Accelerate the Pace of Reform in the Whole Province.

Many reform measures will be issued next year, however, the central aspect is enterprise reform and promotion of the modern enterprise system. 1) We should continue to deeply implement the "enterprise law," "regulation," and the "implementation method," and completely implement all rights and responsibilities of enterprises in places where needed. 2) We should continue to improve all sorts of operational forms, and actively popularize the experiences in changing mechanism and promoting development of different enterprises, including Handan Iron and Steel Company, Tangshan Haomen Group, and Yinggeleilan Company of Xuanhua Iron and Steel Company. 3) We should carefully grasp the experimental work of establishing the modern enterprise system. In addition to conscientiously organizing experiments in

some state designated units, the provincial authorities will also conduct such experiments in 100 enterprises. 4) We should actively promote reform of the property rights system, and improve property rights relations. Next year we should transform and reorganize 300 enterprises with the experiment of shareholding system, and strive to make the figure reach 400. 5) We should actively promote some property management forms, such as state-owned people-run or public-owned people-run forms, rental operation, operation on a commission basis, auction or transfer of property, in some small state-owned enterprises or money-losing medium-sized enterprises. 6) We should continue to decontrol the development of non-state economic sector and cultivate the new economic growing point.

According to the unified arrangements of the central authorities, we should firmly make good preparations for coordinating the implementation of reform measures in an effort to ensure the smooth implementation of the central reform measures.

On the reform of the financial and tax system. The State Council decided that from 1 January next year, all provinces, autonomous regions, municipalities, and cities with provincial status in state planning should carry out the tax distribution system. According to the basic principles as defined by the central authorities and on the basis of the distribution pattern as defined in the current financial system, the province should also gradually merge the financial management system with the tax assignment system on the basis of a rational division of power with the city and prefectural authorities.

On the reform of the financial system. We should firmly attend to this work which is conducive to Hebei's economic development. First, we should strive to increase the setup of various financial organs and widen the channels for collecting and circulating capital. Second, we should try every possible means to organize savings deposits and stabilize the resources of credits. Third, we should intensify enterprise management and enhance the returns on use of capital and enterprises' ability in repaying loans. Simultaneously, the departments concerned should strengthen the selection of projects and enhance the work of making reports on the selected projects in an effort to make increasingly more projects be listed in the state plan and to gain the support by the policy-lending banks.

On the reform of the investment and capital circulation system. We should firmly arrange, by classifying the categories and in the order of importance, the basic investment projects, competitive investment projects, and public welfare investment projects. As for the basic projects, that should be invested jointly by the governments and enterprises, we should strive to gain the support by the state development banks. As for the competitive projects, we should enable enterprises to actively establish contacts with banks to gain the support by the financial departments. As for the public welfare projects that should be invested by the governments, we

should have the funds covered in the plans and the budgets. It is necessary to strengthen the provincial construction and investment company's functions for making investment and circulating capital, to strengthen the provincial international credit and investment company's functions for circulating capital at home and abroad, and to bring their functions for collecting funds for construction undertakings.

On the reform of the foreign trade system. The reform of the foreign trade system is conducive to expanding the scale of export. At the time of quickening the reform of the managerial mechanisms of foreign trade enterprises, we should firmly grasp this favorable opportunity, adopt effective measures, positively organize the supply of goods, and expand the foreign exchange earning capability.

Facing the 1994 situation with more new reform measures, heavy tasks, and great difficulties, the party committees and governments at various levels, all departments, and all trades and professions should concentrate more attention on reform and promote economic development and social progress with reform. We should appropriately handle the relationship between reform, development, and social stability. We should positively, steadily, and orderly guide reform and lose no opportunities to make breakthroughs in key areas.

4. We Should Unswervingly Carry Out the Strategy of Developing the Export-Oriented Economy and Further Quickening the Pace of Opening to Both Domestic and Foreign Areas.

Although our province made rather bigger strides for opening to the outside world in the past two years, we still far lag behind the coastal provinces. Therefore, we must enhance the sense of urgency, the sense of crisis, and the sense of responsibility; have greater determination, bigger daring, and more vitality; and lose no opportunities to firmly grasp the opening of the province to the outside world.

First, we should further emancipate our mind to understand anew Hebei's work of opening to the outside world. Without great emancipation of the mind, there will be no great opening to the outside world, nor great development in the economy of the entire province. An analysis of the current mind-set of the cadres at all levels in the province shows that they are "superficial, complacent, sluggish, and lazy." Being superficial means that they have merely a superficial understanding of opening to the outside world and implementing the strategy of "promoting the entire economy through the export-oriented economy," regarding that opening to the outside world means introducing some funds from abroad, establishing some joint ventures, and exporting more and thus is the work of foreign economic relations and trade departments. Being complacent means that they are complacent with small progress and small wealth, feel satisfied with the current conditions, and lack the spirit of making progress and the courage and insight of achieving great improvement, great breakthrough, and

great development. Being sluggish means that they are slow and insensitive in understanding things and taking actions, thus missing the opportunity, widening the gap, and stopping development due to their wait-and-see attitude. Being lazy means that they lack the spirit of doing practical work and pioneering new work and have not totally overcome their practice of giving empty talk and doing superficial work. To quicken the pace of opening to the outside world, we should first surmount these four ideological obstacles.

Second, we should implement the strategy of promoting the entire economy through the export-oriented economy to bring about a rapid economic development. Aiming at the general objective of rejuvenating Hebei's economy and building an economically strong province, and while speeding up the opening up and development of the coastal areas of Bohai Sea, which are on the forefront of opening up, we should make active efforts to create favorable conditions for implementing the strategy of promoting the sustained, rapid, and healthy development of the entire economy through the great development of the export-oriented economy.

Third, we should simultaneously pay attention to and accelerate the development of foreign trade, foreign capital utilization, and foreign economic relations. Guided by the world market, led by foreign trade, and focusing on foreign capital utilization, we should persistently pay attention to foreign trade, foreign capital utilization, and foreign economic relations simultaneously. In exports, we should implement the strategy of winning through good quality and diversifying the market; take the road of industrialization, conglomeration, and internationalization; embrace the concept of large-scale foreign trade; pool the efforts of foreign trade companies, integrated industrial and foreign trade companies, three types of foreign-funded enterprises, and enterprises with the autonomy in export and export to expand export and improve economic efficiency; and strive to reach the national average in foreign trade growth. Foreign capital should be used simultaneously in large, medium-sized, and small projects, in primary, secondary, and tertiary industries, in cities, prefectures, and counties, and in the various sectors of the economy; and foreign capital should also come from Hong Kong, Macao, and Taiwan compatriots and Overseas Chinese. Foreign capital should be used in more areas and, in particular, key aspects. We should strive to expand the scale of foreign capital utilization and upgrade its level. We should achieve a significant breakthrough in foreign economic and technological cooperation next year.

Fourth, we should continue exerting great efforts to achieve success in developing the coastal cities and counties of Bohai Sea and the cities and counties around Beijing and Tianjin. The focus of next year is to comprehensively implement the strategy of promoting the entire economy through the export-oriented economy in these cities and counties, expedite their opening up,

facilitate their lateral cooperation at home by introducing investment from abroad, bring in more investment from abroad by developing lateral cooperation at home, and turn these cities and counties into hot spots of investment

Fifth, we should improve the methods for inviting investment to boost the enthusiasm of all cities and prefectures, departments, and enterprises. Cities and Prefectures, departments, trades, and enterprises should gradually become the major participants in the activities to invite investment from abroad.

5. In Order To Accelerate Economic Development, We Must Give Priority to Grasping Several Tasks.

A. The rural areas should give consideration to the overall situation of becoming well-off, strive to increase the income of peasants and herdsmen, and give priority to grasping four tasks well:

a. On the premise of guaranteeing a stable increase in grain production and a big upward trend in cotton production, we should actively optimize the agricultural structure with the market as our guidance. We should conscientiously implement the state policy on raising the grain and cotton purchasing prices next year, and fully mobilize the enthusiasm of the broad masses of peasants in developing grain and cotton production. It is necessary to ensure that the annual total grain output will reach 230-235 kg or more. In next year's cotton production, we should work hard to bring about an upswing, increase the cotton growing acreage by a large margin, raise the per-unit area yield, and guarantee the total output. In the readjustment of agricultural structure, we should actively develop "high-yield, fine-quality, and highly-efficient" farming, and do a good job in organizing the implementation of the "seven-character project," and the "double-thousand field project."

b. We should realistically grasp well the building of a rural socialized service system. On the basis of developing competitive products and pillar industries, we should combine foreign trade with industry and agriculture and marketing with supply and production, build service system at all levels, and organize the efforts of thousands of households. We should give priority to supporting and developing serial services, including the processing, transport and marketing of farm and sideline products.

c. We should actively promote the development of township enterprises. Next year township enterprises should regard accelerating development as the main melody, and strive to make their development rate attain or surpass the national average level. Particularly, counties and cities along "Bohai Bay, Beijing and Tianjin Municipality, and railways" should make their development rate and economic efficiency remarkably higher than the provincial average. It is necessary to actively promote the development of shareholding cooperative system, increase input in township enterprises through

various channels, and establish a batch of large-scale enterprise groups that produce good products and high efficiency.

d. We should carry out rural family planning work in a down-to-earth manner. It is necessary to realistically strengthen leadership over family planning work, resolutely implement the demands of making party and government top leaders grasp this work personally and assume full responsibility, and strictly implement the system of negating all achievements if one's family planning work is poor. Particularly, leaders of counties and cities where the family planning work is backward and problems are numerous should exert greater efforts to grasp this work and to rapidly end the passive situation.

B. We should optimize the industrial structure, and deeply carry out the activity on "increasing the increased value of industrial enterprises, the profits and taxes of industrial enterprises exercising independent accounting, and local technological transformation investment, reducing the deficits of large and medium-sized industrial enterprises, and making the comprehensive index of industrial economic efficiency rise by 1 percentage point." Next year the provincial industrial front should extensively and deeply carry out this activity with increasing production, ending deficits, and increasing efficiency as the main content. This means to increase the total increased value of industry by 14 to 17 percent, of which, the increased value of the industrial enterprises at and above the township level exercising independent accounting should increase 12-15 percent; to increase the profits and taxes of industrial enterprises at and above the township level exercising independent accounting by 10 percent, and that of large and medium-sized industrial enterprises 10 percent; to increase technological transformation investment in local state-run enterprises by 25-35 percent; to reduce the deficits of large and medium-sized industrial enterprises by 15 percent; and to raise the comprehensive index of economic efficiency of industrial enterprises exercising independent accounting by one percentage point.

We should persist in taking the market as a guidance, and exert strenuous efforts to readjust the structure. In heavy industry, we should realistically solve the issue of "highly-efficient heavy industry," and in light industry, we should continue to implement the strategy of developing brand-name products, and accelerate the pace of readjustment to develop high and new technology and brand-name products with large-scale efficiency and foreign markets. We should accelerate the pace of technological transformation of enterprises. Beginning next year to before 1997, we should completely transform our province's budgetary industrial enterprises once in a planned manner and group by group. We should actively carry out "grafting" and transformation on the provincial industrial front through various forms. We should organize the enforcement of the "dragon-tiger" plan in the province as a whole. In line with the development of new products and the renewal of out-dated products, we

should accelerate the enforcement of the plan of "establishing a large number of enterprises in six fields" in 1994. 1) The first group of enterprises are in charge of introducing outside advanced technologies and assimilating them so as to turn out new products. 2) The second group of enterprises are in charge of manufacturing and developing a large number of high-and-new tech products. 3) The third group of enterprises are in charge of popularizing the superior products turned out by a large number of pillar industries. 4) The fourth group of enterprises are in charge of increasing the output of products that can earn or save foreign exchanges. 5) The fifth group of enterprises are in charge of putting into production the products turned out by a large number of new emerging industries. 6) The sixth group of enterprises are in charge of eliminating a large number of out-dated products and renewing a large number of new products with flaws.

We should rapidly whip on the province's industrial front an upsurge of learning from the influential enterprises, grasping powerful projects, creating products with strong competitive capability, and contending for being first grade. All enterprises should grasp the expansion of markets by regarding the expansion as an important task and foster an operation mechanism that can rapidly respond to the feedback of market information, exert flexible reaction, and is strong to meet changes.

A good job should be done in realistically grasping the industrial production at present so as to ensure a good trend of maintaining a rapid growth in the first quarter of 1994. Efforts should be made to ensure the supplies of raw or auxiliary materials needed by production. In particular, we should adopt every possible way and means to obtain the supplies of cotton and ensure the sufficient production conditions of electric power and transportation means. A good job should be done in carrying out connection among various links cropping up in the productive process. We should ensure the rapid growth of production the first quarter of 1994 to gain initiative for the annual production next year.

C. We should regard as an emphasis the work of accelerating the fostering of market systems and vigorously promote the development of tertiary industry. We should also regard market construction as a breakthrough for developing the tertiary industry. In building markets in 1994, we should uphold the principle of attaching simultaneous importance on both development and upgrading. The work emphasis should be placed on developing the markets of essential factors of various production. In particular, we must take a larger step in building the markets of finance, labor forces, talented personnel, technologies, information, and of trading enterprises' property rights. We should vigorously develop the intermediary organizations of markets and accelerate the development of self-discipline organizations of markets, including the offices of registration, accountants, auditors, and lawyers; as well as the institutions of notary and arbitration, chambers of commerce, and associations of various industries and trades.

D. We should increase in a rational way the scale of investments made in fixed assets and reinforce the reserve strength in developing the economy. The key to whether we can win over the state investments lies on the characters of our projects. We must make full use of the province's strong points of infrastructures in energy resources, communications, the industries of important raw materials, and water conservancy works; as well as the strong points of more projects for basic industries; so as to enable more projects in the province to be oriented into the state overall construction plan. We should also optimize the investment structure to ensure the construction of key projects. Meanwhile, a good job should be done in continuously conducting the work prior to the construction of projects so as to ensure "the ceaseless formulation of projects and the ceaseless supply of investments". Among the projects that have been newly put into construction, we should emphatically do a good job in grasping the construction of Shennu-Huanghua railway and Huanghua Harbor. We should actively create conditions for the two large projects of diverting south water to the north and of building the middle canal of diverting the Chang Jiang's water, which have strategic significance on the economy of Hebei Province and the country, so as to ensure the two transcency projects to be started within the given date. Except for successfully grasping the aforementioned key projects that conform with the state industrial policies, the province as well as various cities and prefectures should continue to sieve their projects so that we can build a large number of projects that can exert good economic results; are greatly needed by markets; cost less investments; can be completely built in a short period; can withdraw funds rapidly; are with high additional value; and can exert high benefits. In readjusting the structure of investments in 1994, we should adequately increase the proportion made in urban housing construction. In line with the state arrangements, we should earnestly implement the new methods of conducting reform in the urban housing systems and popularize the housing experience gained by the higher educational institutions of our province.

E. We should greatly develop science, technology, and education and realistically channel economic construction to the track of relying on scientific and technological progress and improving the quality of laborers. In developing science, technology, and education, we should focus on the following work. We should step up establishment and improvement of enterprises' scientific and technological development institutes to continuously improve their ability and level in high-tech development; and all the 741 large and medium-sized enterprises in the province should create favorable conditions for establishing scientific and technological development institutes, and all these institutes should develop the new products and new technology oriented to adjusting the structure and improving efficiency. We should encourage development of non-governmental scientific research institutes, non-governmental scientific and technological enterprises, the scientific and technological enterprises owned by the state but run by the people,

and the three types of foreign-funded enterprises engaged mainly in scientific and technological development. We should achieve success in establishing a number of high- and new-tech industrial development zones and high- and new-tech industrial parks. We should cultivate and build a number of permanent technology markets, speed up transformation of scientific and technological achievements, and promote the close coordination of science and technology with the economy.

We should persistently put education in a strategic position for development on a priority basis and exert great efforts to train the personnel in various specialties who meet the needs of the socialist market economy system. We should further accelerate reform of the educational system to continuously improve the quality of instruction. We should greatly intensify elementary education, greatly develop vocational, technical, and adult education, stabilize the enrollment of colleges and universities, and put more efforts into the strong and highly competitive projects to create achievements and first-rate personnel.

6. Conscientiously Strengthen Leadership Over Economic Work

Hebei's reform, opening up, and economic construction will enter a stage of new development next year. We are faced with a new situation in which the planned economy is being changed into the market economy. To comply with this new situation, we should conscientiously study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, study well Volume 3 of the *Selected Works of Deng Xiaoping*, and strive to master the new knowledge and new skills to manage the market economy. We should take the overall situation into consideration to ensure the smooth implementation of government orders. Comrades in charge of leadership work should keep the overall national and provincial situation in reform and development in view when considering the work of their own localities and departments and take the initiative in serving the overall situation. They should conduct intensive investigation and study and realistically change their work styles. Leading cadres at all levels should often go to the reality of life to conduct investigations and study, pay attention to studying new conditions, address new problems, and carry out the work of their own localities and departments in a creative manner. They should have the courage to try out the new moves whose worth they are certain and to blaze new trails. We should use typical examples as a guide and promote the entire work while achieving breakthroughs in key areas to accelerate Hebei's reform, opening up, and economic construction.

We should attend to two tasks simultaneously and be competent in both. While attending to economic development, we must never slacken efforts in building the socialist material civilization and in improving socialist democracy and legal system. We should intensify efforts to improve public security comprehensively and strive to

eliminate the various factors leading to instability in society. We should continue the in-depth anticorruption struggle, eliminate the various ugly phenomena, and ensure the smooth accomplishment of the tasks of reform and development.

Hebei Approves Acrylonitrile-Acrylic Fiber Project

SK1702094394 Shijiazhuang HEBEI RIBAO in Chinese 15 Jan 94 p 1

[Text] The Hebei acrylonitrile-acrylic fiber project, a key project for the Eighth Five-Year Plan period, was officially approved for planning by the State Planning Commission.

The Hebei acrylonitrile-acrylic fiber project, which is to be built by Hebei and the China Petrochemical Corporation, is the after-process project of the Hebei ethylene project. Five units of equipment to produce 50,000 tonnes of acrylonitrile, 30,000 tonnes of acrylic fibers, 6,000 tonnes of ammonium sulfide, 2,000 tonnes of refined acetonitrile, and 10,000 tonnes of sodium cyanide a year will be built. Investment totals about 1.6 billion yuan. After completed, this project will be able to yield fairly good economic benefits, earning more than 600 million yuan from sales and creating more than 200 million yuan of profits and taxes a year. Construction of this project may effectively promote Hebei's textile industry and adjust its mix of textile goods. It will also play an important role in changing Hebei's long reliance on others for the supply of synthetic fibers and for saving foreign exchange. The feasibility study for this project is being stepped up and efforts will be made to start its construction early.

Tianjin Secretary Attends Judicial Conference

SK1302053594 Tianjin TIANJIN RIBAO in Chinese 21 Jan 94 p 1

[Text] A municipal judicial, procuratorial, and court work conference was held on 20 January. The conference relayed the guidelines of the national judicial, procuratorial, and court work conference and the Second (Enlarged) Plenary Session of the Sixth Municipal Party Committee. It also arranged, according to the requirements for setting up the socialist market economic system and quickening the development of the municipality, the 1994 municipal judicial, procuratorial, and court work. The conference put forward: Under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the basic line of the party, we should comprehensively implement the guidelines of the 14th party congress and the third plenary session of the 14th party Central Committee; persist in the principle of "taking a two-hand approach and being sure that both hands are tough"; further strengthen and reform the judicial, procuratorial, and court work to suit the requirements of setting up the socialist market economic system; intensify the functions for exercising people's democratic dictatorship; forcefully deal blows to various criminal

activities; firmly attend to investigating and handling major and appalling cases in the course of opposing corruption; provide legal guarantees and services for the socialist market economy; safeguard political and social stability; and create a good social environment for accelerating the municipality's reform, opening up, and economic development.

Present at the conference were municipal leaders, including Gao Dezhan, Zhang Lichang, Li Jianguo, Li Shenglin, Liu Jinfeng, Yang Zhihua, Song Pingshun, Zheng Zhiying, Zhang Baifeng, Zhang Dequan, and Zhang Guanwen.

Gao Dezhan, secretary of the municipal party committee, fully affirmed the municipality's judicial, procuratorial, and court work in his speech. He also extended cordial regards and heartfelt thanks to the vast number of cadres and policemen, the armed police officers and men, and all comrades who have diligently been working on the municipal judicial, procuratorial, and court fronts. He pointed out: 1994 is a key year to accelerate the municipality's reform, opening up, and modernization. Therefore, grasping favorable opportunities to quicken the pace of reform, opening up, and economic development is the major tasks of this year. There must be a stable social environment in order to quicken the pace of development. It is of peculiar importance and urgency to safeguard social and political stability under the new situation. So, we must put the safeguarding of stability in an extremely important position. The more we accelerate reform, opening up, and economic development, the more we should strengthen judicial, procuratorial, and court work and try every possible means to safeguard political and social stability. The party and government leading cadres at various levels should persist in the principle of "taking a two-hand approach and being sure that both hands are tough"; accurately handle the relationship among reform, development, and stability; conscientiously analyze various unstable factors at the time of grasping favorable opportunities to speed up the pace of development; adopt effective measures to safeguard social and political stability; and ensure the smooth progress of reform, opening up, and economic construction.

Gao Dezhan urged: The judicial, procuratorial, and court fronts should conscientiously do their duties and go all out to ensure the municipality's political and social stability. We should realistically expand the extent of sternly dealing blows to serious criminal activities and strictly and rapidly punish serious criminal offenders according to the law. We should persistently and ceaselessly wage the struggle for "wiping out pornography" and "eliminating six evils" and resolutely uproot various kinds of social evil phenomena. We should conscientiously study and accurately handle the contradictions among the people themselves in the new situation and enhance our foresight to do our work. We should actively engage ourselves in the anticorruption struggle and concentrate energy on investigating and handling major and appalling cases. We should strengthen the construction

of the legal system and strengthen and improve judicial work, the enforcement of administrative laws, and supervision over the enforcement of laws. Persistently in the light of the principle on linking special work with the mass line, we should mobilize social forces, conscientiously fulfill our responsibilities, and exert great efforts to comprehensively improve social order. We should firmly foster the thinking of relying on the masses to safeguard social and political stability, further extensively disseminate and mobilize the masses, truly rely on the masses, do more good and concrete deeds for the people, and really enjoy the support of the people. Strictly in line with the principle that "whoever takes charge should assume responsibility," each level should attend to and guide the work of each lower level and assume responsibility for the fulfillment of the work of each lower level.

Gao Dezhan stressed: The party committees and governments at various levels should pay attention to the judicial, procuratorial, and court work and realistically strengthen and improve the party's leadership over judicial, procuratorial, and court work. We should support and guide the judicial, procuratorial, and court departments to persist in the basic line of the party; eliminate their obstacles and interference; strictly enforce laws; suit the new situation of setting up the socialist market economic system; strengthen investigations and study on judicial, procuratorial, and court work; forcefully give instructions according to principles and policies; and elevate the municipality's judicial, procuratorial, and court work to a new height. It is necessary to realistically strengthen the construction of the judicial, procuratorial, and court workers contingents; fill the entire cadres and policemen's brains with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics; and upgrade their awareness of firmly implementing the basic line of the party. We should achieve training in a well-organized and well-planned manner so as to upgrade the broad masses of cadres and policemen's political integrity and professional ability. We should strictly conduct education, establish strict demands, strictly strengthen management, further strengthen the improvement of administrative honesty, and educate cadres and policemen to be the first in diligently and honestly performing official duties. The leading bodies of the judicial, procuratorial, and court departments at various levels should realistically attend to their self-construction and actually have perfect political integrity, perfect work style, and perfect work performances.

Song Pingshun, standing committee member of the municipality, vice mayor of the municipality, and secretary of the committee for political science and law under the municipal party committee, arranged the municipality's judicial, procuratorial, and court work. He said: We should adopt effective measures to safeguard the municipality's political and social stability, timely alleviate various contradictions and disputes, and eliminate unstable factors. It is necessary to achieve the struggle for dealing strict blows to serious criminal offenders and to

upgrade the prestige and quality of the struggle. We should strictly attack various kinds of serious criminal activities and continue to especially wage the struggle against thefts so as to continuously keep the social order stable. We should resolutely and strictly punish, according to the law, serious economic criminal activities, carefully organize and concentrate forces to prominently investigate and handle major and appalling cases, deepen the struggle against corruption, and safeguard the socialist market economic order. We should deepen the overall improvement of social order, conscientiously implement the system that leaders bear the responsibility for safeguarding social order, enable the party and government leaders at various levels to enhance the sense of responsibility for ensuring that the localities to which they belong should be safe and sound, enable the broad masses of the people to participate in the improvement of social order, actually form a pattern of making concerted efforts to improve social order, organize all social forces to make key improvements and solve prominent problems relating to social order, exert great efforts to improve the social order of rural areas, implement various measures for comprehensively improving social order, make better use of legal means to timely and legally regulate various economic and social relations, and ensure that the socialist market economy is smoothly operating on the orbit of the legal system. We should focus on opposing corruption and advocating administrative honesty to achieve the construction of the judicial, procuratorial, and court workers contingents; and provide a forceful organizational guarantee for achieving judicial, procuratorial, and court work in the new situation.

Responsible comrades of the municipal security bureau, the municipal people's procuratorate, the municipal higher people's court, and the municipal judicial bureau respectively made speeches on achieving 1994 judicial, procuratorial, and court work tasks. Present at the conference were responsible comrades of departments committees, offices, districts, counties, bureaus, and mass organizations, as well as responsible persons of the committees and departments for political science and law at the municipal, district, and county levels; security departments under various bureaus; and some large- and medium-sized enterprises.

Tianjin Converts Firms to Joint Stock Companies

*OW1702113294 Beijing XINHUA in English 1100
GMT 17 Feb 94*

[Text] Tianjin, February 17 (XINHUA)—A survey of 10 Tianjin joint stock companies shows that they netted 320 million yuan in profit last year, an increase of 8.96 percent over the previous year.

Meanwhile, the 10 enterprises raised about 1 billion yuan last year for technical transformation and expansion of production.

A Tianjin government official said that the city started converting enterprises into joint stock companies in 1992.

Now the city has 58 standard joint stock companies and hundreds of partnership companies.

They include state enterprises in the manufacturing, commerce, communications and transportation, and real estate sectors.

Three of the 58 companies have gone public and 32 are liability limited companies.

Tianjin is one of the most important industrial bases in north China. The introduction of the joint stock system will help the enterprises to face the market, enhance their decision-making power and increase funds directed toward technological transformation and production.

This year, the city will select 30 others from its 100 large- and medium-sized state enterprises to try the modern enterprise system.

Foreign Investment in Tianjin Increasing

OW1602103494 Beijing XINHUA in English 0943
GMT 16 Feb 94

[Text] Tianjin, February 16 (XINHUA)—Statistics for January have indicated that Tianjin, the largest industrial city in north China, is becoming an even greater focus for overseas investment.

In January, the city approved 223 foreign-funded enterprises. Promised investment recorded a 500 million U.S. dollar total, of which 300 million U.S. dollars is from abroad.

Deputy Mayor Ye Disheng attributed the city's charm to its comprehensive industrial system, convenient communications and above all, its 600,000-strong scientific and technological force, including undergraduates at nearly 100 institutions of higher learning in Beijing and Tianjin.

In addition to over 70 million U.S. dollars for the Chengtangzhuang heating and power plant from Ka Shing-li, a well-known Hong Kong tycoon, on the last day in 1993, there have been many projects established in the last month:

On January 3, Malaysia's Gold Lion group signed a contract with the city, with an investment of 4.5 billion yuan in such fields as auto manufacturing and housing renovation.

On January 5, a conglomerate from the Republic of Korea held a discussion with the local government on the feasibility of a chemical project worth 400 million U.S. dollars.

On January 10, Innovation International (H.K.) Ltd. decided to inject one billion yuan into a housing project, with another 250 million yuan on a heating and power plant.

On January 18, Hong Kong's Kuop Group signed an agreement with the city's Hexi (the west bank of the Haihe River) area to build a commercial mansion. It also plans to build projects in the Tianjin development zone.

On January 20, Taiwan investors poured 600 million U.S. dollars into the Gangwan Industrial Park.

Meanwhile, over 60 inspection teams from countries such as the U.S., Germany, Italy, Japan and Singapore lined up to enter the city.

Average investment for each project stands at over two million U.S. dollars, double the investment scale last year. And there have been 15 projects funded with more than five million U.S. dollars each.

Beijing Approves Taiwan-Run School on Mainland

HK1602131594 Hong Kong EASTERN EXPRESS in English 16 Feb 94 p 6

[By Bruce Gilley]

[Text] Beijing has approved plans for the first Taiwan-run school in mainland China at Shenzhen. But the unofficial wink at the new primary school—intended for the children of Taiwan investors in the area—was obtained only on condition that the Shenzhen government appoint the headmaster.

Taiwan's national flag and song will be forbidden. Set to open next year with about 200 students, the school has become a symbol of the sensitive nature of cross-strait relations.

The head of Shenzhen's Taiwan business association, Wu Sheng-shun, spent a year convincing Beijing that primary schools were no threat to communism.

"I told them that up to lower middle school, education has no political implications," he said.

The school will be allowed to use Taiwan teachers and schoolbooks, provided they are screened beforehand. But Beijing has warned that teachers must avoid spreading "political and ideological influences".

Wu needed longer to convince Taipei, where education officials feared the pupils might be polluted by communism. But last week he won guarantees that the students would be able to enter middle school in Taiwan automatically, without any testing.

In a symbolic tit-for-tat, Taipei demanded assurances that the mainland teachers at the school would not teach simplified Chinese characters, which the Communists introduced to fight illiteracy.

Education is not the only reason for setting up the Shenzhen school, which will be enclosed in a compound with 210 luxury homes for the families of students.

Taiwan investors on the mainland, especially those in Guangdong, have suffered from countless kidnappings, robberies and beatings in recent years. Security and comfort will be assured inside the fortified compound.

"I've been living in my factory ever since I came here six years ago," said Wu, whose company makes bicycles. "There's nowhere else safe at the moment."

After the school is built, at least some of the 10,000-odd Taiwan managers and technicians working in Shenzhen and Dongguan will find safety in numbers. "We'll all be together. That's one of the main benefits," Wu said.

But, to Beijing, that is one of the dangers. The establishment of Taiwan-run organisations in the mainland has long been blocked for fear they may become touchstones

for pro-Nationalist, or at least anti-Communist, sentiments. Taiwan business groups are required to have a mainland Chinese as head.

Beijing's approval for the Shenzhen school appears to be part of its courtship of Taiwan investors, many of whom are reluctant to bring their wives and children to the mainland.

Wu says it was the lure of more Taiwan investment that won the school the support of the head of the Chinese Communist Party's Taiwan Affairs Office, Wang Zhaoguo, whom he met in November.

"I told him that if you want to improve conditions for Taiwan investors, you had better pay attention to the Taiwanese men in their thirties and forties, whose children are still young," Wu said.

Taiwan officials, led by the secretary-general of Taiwan's Straits Exchange Foundation, Li Ching-ping, will visit the mainland next month to discuss primary schools with Beijing.

Wu says if the Shenzhen school proves a success, other mainland cities could have Taiwan-run primary schools.

Sichuan Official Reviews Taiwan Investment

HK1602143694 Beijing ZHONGGUO XINWEN SHE in English 1820 GMT 16 Feb 94

[Text] Chengdu, February 16 (CNS)—Director of the Sichuan Provincial Taiwan Affairs Office, Mr. Li Xiyan, speaking in an interview with this agency, said that the province was expected to make new breakthroughs in its cooperation with Taiwan in the fields of economy, trade, science and technology this year.

According to Mr. Li, with the environment for investment in the province gradually improving, Sichuan has seen an increasing number of Taiwan businessmen investing in the province in recent years with some 426 Taiwan-funded enterprises being newly set up last year alone. The province now has a total of 800 enterprises of this kind with contracted investment value of U.S.\$850 million, U.S.\$520 million of this in Taiwan funds.

Mr. Li said that Taiwan investment in the province had shifted from single items to whole-pieces of land development. Taiwan businessmen recently joined efforts with the Chengdu municipal government in developing a piece of land of 1,000 mu in an industrial development zone set up for Taiwan businessmen and another industrial town designed for foreign businessmen has received investment of U.S.\$2.8 million from Taiwan. In addition, a commercial group in the island has worked out its development programme in Sichuan and a considerable amount of Taiwan capital will be seen entering Sichuan's market.

According to Mr. Li, the province has attracted a number of big enterprises and financial groups from Taiwan to invest in Sichuan, including an enterprise

group with U.S.\$ 40 million registered in the province for businesses in Leshan City, Wenjiang County and Xindu County.

Mr. Li said that Sichuan would this year see its Taiwan-funded enterprises grow to 1,000 and their contracted capital to U.S.\$1 billion and at the same time, it would continue to encourage its nearly one million people who have relatives in the island to make every effort in introducing Taiwan capital and increase the enterprises invested by them to 4,000.

Mr Li said that besides its economic and trade ties with the island, Sichuan would also expand its cooperation with Taiwan in science, technology, culture and education this year.

Taiwan Compatriots Fund Projects in Jiangxi

*HK1602143994 Beijing ZHONGGUO XINWEN SHE
in English 1821 GMT 16 Feb 94*

[Text] Nanchang, February 16 (CNS)—Taiwan compatriots who paid hometown visits to Jiangxi last year donated a total amount of close to RMB 10 million [renminbi] for various kinds of social undertakings, according to incomplete statistics.

Jiangxi saw the greatest number of Taiwan residents paying hometown visits there last year, totalling some 40,000, since the Taiwan authorities relaxed restriction on hometown visits to the Mainland. They were all pleased with the economic build-up which was underway and made up their minds to make contributions to social undertakings, including the opening of schools, construction of bridges and village roads, improvements of the power supply, the funding of a home for the elderly and the planting of trees. A Taiwan compatriot originating from Leping, a place in Jiangxi, donated to a fund for the construction of a primary school in his village because of its backwardness in education when compared with the economic development there.

A total of 45 Taiwan compatriots witnessing the building of a bridge over the Ganjiang River during their home visits donated a total of RMB 300,000 to fund the construction. Ganzhou Prefecture saw total donations valued at RMB 1.86 million made by 183 Taiwan compatriots last year to fund 91 social undertakings.

Various levels of local governments in Jiangxi expressed their gratitude to these Taiwan compatriots and presented them with certificates praising their generosity. Items funded by donations by Taiwan residents were carried out in keeping with the willingness of these donors.

President Li Teng-hui Holds News Conference

OW1602222494 Taipei China Broadcasting
Corporation News Network in Mandarin 1500 GMT
16 Feb 94

[News conference held by Taiwan President Li Teng-hui with unidentified correspondents at Taoyuan Chiang Kai-shek International Airport on 16 February]

[Summary From Poor Reception] In his opening speech, President Li Teng-hui says the main purpose of his informal visit was to gain a true understanding of the international situation, in particular the international economic situation following the end of the Cold War. The Republic of China [ROC] must further strengthen regional economic cooperation with other countries, and this is the true way to promote China's economy to a new level of development. Therefore, he believes it necessary to spend his holidays in relevant countries with which the ROC has no diplomatic relations, discussing regional economic cooperation. Li adds: "The visit produced fairly good results. I think it is very important for establishing all-directional economic cooperation in Asia in the future." Li goes on to state that he learned by his visit that the respect shown by these three countries toward the Republic of China in Taiwan is "more than we can imagine at home." He also thanks the leaders of the three countries for their hospitality during his visit. The president expresses regret over not being able to visit the overseas Chinese in these countries, saying he had to "respect the host countries' arrangements." Li states that "China's further development must be separated from ideology," pointing out the orientation—"peace, cooperation, and prosperity"—for efforts to be made. Li concludes: "We helped the mainland achieve development just like we helped Southeast Asia achieve progress and development. We expect to use Taiwan's experience to help the entire Asian region achieve progress and development."

Commenting on a Central News Agency reporter's question regarding the president's emphasis on "pragmatic diplomacy," letting other countries know about the ROC's existence, and on a reasonable position within the international community, President Li replies that the countries he visited adopted a very pragmatic attitude to discussing Communist China's protest. He says they know the ROC is a peace-loving country, and wish to make friends with it. He calls for patience and long-term efforts in this regard.

In response to a question on ideology raised by a reporter from the Taiwan Television Enterprise, Ltd., President Li Teng-hui urges all Chinese to understand that the ROC must develop, and that the ROC is a state separate from China. He asks people not to consider his "unofficial visit" as "creating one China, one Taiwan, or two China's." "Quite obviously, that is impossible," he concludes.

A reporter for the Broadcasting Corporation of China asks if Li has any plans for a second trip abroad in the

same informal manner following his great success in the Southeast Asia visit he just concluded. President Li replies: "I will visit countries with which we have official diplomatic relations, and I will visit countries with which we have unofficial relations." He says it is still too early to say at the moment, but the press will learn about such plans in due course once all preparations are completed.

A reporter for TZU LI WAN PAO quotes the memoirs of Hsu Chia-t'un [Xu Jiatun], former director of the Hong Kong Branch of the NEW CHINA [XINHUA] NEWS AGENCY, as saying the PRC leadership considers Taiwan's vigorous efforts to occupy international space as aimed at gaining independence in a disguised form, and the PRC does not agree. The attitude of the Chinese Communist leadership will certainly affect the president's informal visit as well as regional political and economic activities, the reporter adds. He asks President Li if the latter has any policy or countermeasures against such an attitude.

In his response, President Li questions the reliability of Hsu Chia-t'un's remarks. "It is very hard to judge future trends on the mainland by his remarks," Li says.

Responding to a question by a CHUNG YANG JIH PAO reporter on regional economic cooperation, President Li says he discussed the establishment of free economic zones in the Philippines and rural construction in Indonesia, and the ROC's experiences in promoting development on Taiwan over the past few decades is very valuable to these countries.

A reporter from LIEN HO PAO asks Li about protests from Communist China against his informal visit. President Li says every country in the world is "very practical" and attaches importance to its own economic development. He urges people not to treat the issue as "very serious." Li says: "The ROC is a mature country. I do not think it is necessary for us to flinch on account of such a minor issue as an immature statement."

In response to a question by a TAIWAN JIH PAO reporter on the ROC's overseas investments, President Li states the ROC still needs to rely on foreign trade to promote economic development as it is a country without natural resources. He points out that there is no so-called southern or western policy, and the ROC must work in all directions so long as they are conducive to further development. He adds: "We want to invest in the mainland, Indonesia, and the Philippines. All these investment projects are different from each other." Li stresses: "We must understand the ROC wants to develop trade. It is the most important factor for economic development. If we want to increase the trade volume, we must transfer our capital, which is the most favorable condition enjoyed by the ROC now, to all relevant countries. After our capital is transferred, the volume of our trade will naturally increase."

A reporter asks President Li for his thoughts about the trip. President Li replies that during his visits to the

Philippines and Indonesia, local officials called him Doctor Li or Professor Li. The president notes: "The main reason is quite simple. Whether they are ministers or business leaders, they know Li Teng-hui accomplished many things in the academic field or in Taiwan's agricultural development, and all this proved very successful." Li then talks about how he sent two of his books to a foreign leader, saying: "To me, it is very significant that other people respect my past works in the academic field and in other areas. It is very pleasant if one can help his country by his personal achievements or by what he has done. [words indistinct] I am already at this age; the fire from this candle will burn for the people of my country and for this region so they can live in stability and so their standard of living can improve. I think this is very [?good]. Thank you."

A reporter from CHUNG HWA JIH PAO questions President Li about what is the biggest achievement of his informal visits, and how he feels at the moment.

President Li responds: "It is not good for me to appraise my own performance, for no one should appraise himself. However, I am very happy." He continues on to say: "I think all these problems are [words indistinct]. Currently the leaders of all countries have a common view. What is this common view? It is that politics should be democratic, should be free and democratic [words indistinct]. The economy should be a market-based free economy. No one [words indistinct] except leaders of a few socialist countries [words indistinct]. Even they are now inclined toward a free economy. What does this mean? It means world leaders have this common view, and this enables them to communicate easily with each other. Any problems between countries can be solved right away if leaders of those countries concerned sit down and talk. I have always thought there would not be any world wars in the future, maybe only minor conflicts because people have common views, and there would not be differences between them [as heard]. Will the civil war in Yugoslavia spread to the entire world? I don't think it will. World War I broke out there, but now [words indistinct]. Thus I hope everyone knows that almost all world leaders have common views. [passage indistinct] Whether it is the United States, Britain, France, Germany, Japan, I think [words indistinct]. Like the U.S. President, Japanese prime minister, British prime minister, and French president [words indistinct]. Although Taiwan is very small, [words indistinct]."

A reporter asks Li about Taiwan's investment plans in ASEAN countries. President Li answers: "Now it is between us and the Philippines, not Indonesia." He then explains Taiwan's plans to invest in and cooperate with Indonesia, Thailand, and the Philippines, saying: "Especially Indonesia, because Indonesia is the largest country and has many rural problems. Actually, I made a very sketchy proposal there and talked with them. I think we should review this problem at home. Many experiences in Taiwan's rural construction will be very helpful to them. We took a special trip to see how they harvest rice, how their irrigation system works, and what their rural

organization are like. These areas are where we can help them. The trip helped us understand the situation."

When asked about the investment climate in the Philippines and Indonesia, and if improving the domestic investment climate is more important than helping local businessmen invest in foreign countries, President Li responds: "Improving the domestic investment climate is one thing, and investing in foreign countries is another. There is no competition between the two. The only competition may be on which side we should spend more money." He then explains why Taiwan should invest in Indonesia, saying: "How can the ROC develop without energy? Investing in Indonesia is necessary to the country's long-term interests. We cannot express the entire thing just by saying making investment and encouraging our businessmen to establish small factories there. I don't think that is the way."

Answering a reporter's question about the ROC's foreign and PRC policies, Li Teng-hui says: "Our mainland policy and our foreign policy can be characterized by what we now call pragmatic diplomacy. As far as the mainland is concerned, we are working towards promoting mutual trust between the two sides." Li continues: "In my view, our talks with the mainland and our relations with it on many other issues need not be conducted in conjunction with ideological matters. The mainland should also understand this. We need not take our ideology into consideration and think that only our ideology is the best." As Li concludes: "I said a while ago we should work for peace, progress, and prosperity. These are the objectives the entire world is looking for. Even the Chinese Communist Party wants these things. This being the case, there should not be conflicts between our foreign and mainland policies. Diplomacy should be described as a very important piece of our mainland policy."

"During my visit to the three Southeast Asian nations, the issue about forming a collective Asian security system was not discussed. The reason why this issue was not discussed is we cannot simply ask people who are still strangers to become our friends and fight alongside us. If others misunderstand us, the outcome would be unthinkable. So we should cooperate first in the economic field." The president adds that he feels Taiwan should proceed step by step. "I had the economy in mind when I proposed the establishment of a collective Asian security system." Li concludes: "I don't think we should consider military cooperation as an important base."

Li states his impression about the leaders of the three countries he visited was that they, including the Thai king, are very sagacious. "They have a profound understanding of the issues concerning this region." Li cites as an example Indonesian President Suharto. He has been president for 25 years, but does not enjoy life in his villas. He understands many issues thoroughly, including small issues. "These leaders know very clearly the situation with the ROC. This is the case with President Ramos of the Philippines as well as the Thai King." As

Li states: "World leaders today do not simply manage the affairs of their own countries; they are very attentive to their relations with other countries and the situations in those countries. They realize the strengths of the Republic of China [words indistinct]. I admire them greatly. My talks with them were very congenial. They understood what I said, and I understand what they said."

Li says that among world leaders, Chinese Communist leaders are the most stubborn. "It is quite impossible to ask the Chinese Communists to renounce the concept of one country, two systems."

The president states that he deeply feels Taiwan should work even harder. "We should not evaluate ourselves too highly. We should not think we can fool around and do things which are improper, thinking we have several billions of dollars in our hands. We should do something about our cultural and ethical conduct so people will respect us in these areas. Maybe this is more important."

"I did not invite the Thai King to visit. I do not know in what way the invitation should be extended. But I did officially invite the other two leaders to visit."

Hong Kong MING PAO reporter Lai Hsiu-ju asks: "Many Southeast Asian nations still hold conflicting views on the sovereignty over the South China Sea. Do you think Taiwan's southern policy can assist those countries in dealing peacefully with the sensitive sovereignty issue, and do you think it possible for countries in that part of the world to work together in exploring the resources there?"

Li Teng-hui responds: "I share your view. But I just cannot tell friends I meet for the first time what we should do. Is it not better that we talk once we have met two or three times? So, as I said a while ago about the collective security system, I tried my best not to discuss sensitive issues like that when the time available was so limited, otherwise people might be scared to death by me and refuse to see me in the future." Li says that after they have met two or three times, he will certainly speak out.

An ECONOMIC DAILY reporter asks Li to comment on the possibility of cooperation between the Republic of China and Indonesia in the aerospace industry. Li Teng-hui replies: "I asked a lot of questions when I visited the aircraft plant in Bandung. I asked a lot of questions about the plant's operations, management, and sales. But I did not suggest cooperation. Why? I know our situation, what we should do, and our level of development. The plant did not mention their problems, but I understood. So bilateral cooperation is impossible. The planes it produces are for commercial use. Because Indonesia has over 17,000 islands, planes are badly needed for transportation. The plant's monthly output of planes is about 270. I said something ridiculous: Buying planes is different from buying cars. They understand what I said. Plane purchases require a lot of money. Where will the money come from? Without money or loans, how are you going to pay? Problems like these are many."

On whether his unofficial summits with leaders on the Southeast Asian trip might help the ROC's UN membership, Li Teng-hui says: "I think if the road to the United Nations is 100-km long, we have covered only one meter. So we have to continue to work hard. This is not easy. We must work hard so other countries will understand better that the United Nations will not get anything from us if we are not a member, and then all countries, including large countries, will help us. This is the direction toward which we should work hard."

Further on News Conference

OW1702051394 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 16 Feb 94

[Report on a news conference held by Taiwan President Li Teng-hui with unidentified correspondents at Taoyuan Chiang Kai-shek International Airport on 16 February; from the "Hookup" program—recorded]

[Excerpts] [Passage omitted containing reporter's summary of Li Teng-hui comments] At present, after the end of the Cold War, the international situation, especially the international economic situation, has gradually shifted toward regional cooperation. The further establishment of regional economic relations under these circumstances is a matter of great importance. There should be an exchange of views between the leaders of countries in the Asian region and the Republic of China [ROC] with regard to the various countries' conditions and their attitudes toward what the ROC thinks and does. This will be a great help to us. During my eight-day vacation trip, there were many difficulties caused by the absence of diplomatic relations. Despite these circumstances, after talking with and hearing the officials' views, especially from the leaders of the three countries, my conclusion is that the visit has yielded fairly good results. It is very important for our efforts to further establish relations of multilateral economic cooperation in the Asian region in the future.

Through our current visit, we can see that all countries' views, sentiments, and respects to the ROC in Taiwan are more than we can imagine at home. This is a very happy thing. Although we met with many unnecessary interferences in the course of our visit to the three countries, we handled those matters in a very serious manner. We are convinced that the whole world will gradually understand that the ROC is a progressive country, a country which helps other countries, and a peace-loving country. Our endeavors do not reflect different opinions toward any region or country, including Communist China. Our efforts to help the mainland's development and our efforts to help the progress and development of Southeast Asia are all the same. Further development of our country [women guojia] must be separated from the ideological field. We should continue to make greater efforts in the three directions, namely

peace, cooperation, and prosperity. [passage omitted containing reporter's summary of Li Teng-hui comments]

The benefits to foreign relations through the current visit cannot be seen in the short term. We must patiently make contacts with many countries step by step. By doing this, we will achieve genuine results. However, we do not have a political agenda. Everyone should realize that the ROC on Taiwan must develop. It is safe to say that the ROC is a country of a divided China [zhonghua minguo keyi shuo shi zhongguo fenlie zhong de yige guojia]. The whole world should realize that a unified China is a goal we will attain in the future. However, at present the reality is that China is divided. As a divided country under separate rule, we should set the direction for our own development. This will produce greater benefits for China when it achieves unification. The Chinese of the world should not approach this unofficial visit from a political point of view, regarding it as something that was intended to create one China, one Taiwan, or two China's. There is no need to see the visit in this way, and quite obviously, that was impossible. This may be a year the ROC will develop a new direction for its international relations. I will visit countries with which we have formal diplomatic ties and countries with which we do not have formal diplomatic ties. It is too early now to say which countries I plan to visit. We will let you know after every preparation has been made. The country I would like to visit most is the United States [Li and other people's laughter]. [passage omitted containing reporter's summary of Li Teng-hui comments]

All the countries in the world, including their leaders and officials, are very pragmatic. They have their own way of looking at economic growth and democracy. Therefore, we need not worry about this issue. Nor should we adopt an unfriendly attitude toward the mainland simply because of its attitude. We shall continue to maintain our existing ties with the mainland. What we are doing is trying to strengthen mutual trust. We should continue to do so. We should tell them: Your acting like this will do no good to yourselves. We should use this opportunity to let everyone know. We should help the countries concerned. These countries will gradually come to realize that the ROC can help them better than any other country. Once they realize this, they will change their attitude. [passage omitted containing reporter's summary of Li Teng-hui comments]

Whether it is an achievement or not, I will be very happy if anything I did is beneficial to the country. My state of mind has not changed as a result of the visit. I would feel very good if I, at my age and with the last flames of a burning candle, could help improve the life of ordinary citizens and enable them to live peacefully in the country and region. It is not appropriate to grade myself. Nobody has ever graded oneself. However, I am very happy. [passage omitted containing reporter's summary of Li Teng-hui comments].

Trade With Europe Increases Slightly in 1993

OW1702080094 Taipei CNA in English 0725 GMT 17 Feb 94

[By Y. C. Tsai]

[Text] Taipei, Feb. 17 (CNA)—Two-way trade between Taiwan and Europe totaled US\$26.44 billion in 1993, up 0.1 percent from the previous year, the Taipei-based Euro-Asia Trade Organization (EATO) reported Thursday.

Taiwan's exports to Europe fell 7.5 percent to US\$12.88 billion, while imports grew 8.7 percent to US\$13.56 billion, thereby resulting in a deficit of US\$680 million for Taiwan.

This is the first time in two decades that Taiwan has registered a trade imbalance with Europe.

Officials said that economic sluggishness in European countries last year adversely affected Taiwan's trade promotion there. Increasing purchases by Taiwan companies were also to blame for the deficit, they added.

Europe, however, remained one of Taiwan's major trading partners, with the island's shipments to Europe in 1993 accounting for 15.2 percent of Taiwan's aggregate exports and European imports making up for 17.6 percent of the total.

EATO statistics show that trade with Germany, Britain, Holland, France, and Italy made up 70.4 percent of Taiwan's total trade with Europe.

Taiwan's trade with Germany rose 2.7 percent to US\$7.72 billion last year, but trade with Britain fell 5.7 percent to US\$3.34 billion.

The officials pointed to closer trade ties between Taiwan and Europe, noting that cooperation between the two sides will certainly be strengthened as Taiwan enterprises have been seeking to enter into strategic business alliances with their European counterparts.

In 1993, strategic alliances with Europe were signed with Philips Co. of Holland and ABB of Sweden.

Central Bank of China Opens London Office

OW1702075694 Taipei CNA in English 0705 GMT 17 Feb 94

[By C. C. Chen and Sofia Wu]

[Text] London, Feb. 16 (CNA)—The Central Bank of China (CBC) opened a representative office in London Wednesday as part of its effort to promote financial exchanges between Taiwan and European countries.

CBC Governor Samuel Shieh flew to London earlier this week to preside over the opening ceremony. Many British politicians, bankers and business executives,

including former Prime Minister Margaret Thatcher and the deputy governor of the Bank of England, attended the ceremony.

The new CBC office is located in London's financial district and adjacent to the Bank of England. It is the CBC's second overseas office. The bank opened a similar office in New York last year.

The office will help manage CBC's foreign exchange deposits in Britain and other European countries as well as strengthen contacts with major British and other European banks, said Yang Chin-lung, director of the London office.

London is one of the world's most important financial capitals. "Our London office is expected to help train qualified international money managers and accelerate Taiwan's financial liberalization and internationalization," Yang added.

With the addition of the CBC office, Taiwan now has six financial institutions in Britain. The Taiwan provincial government-owned First and Chang Hua Commercial Banks have opened branches in London. The Bank of Taiwan, Hua Nan Commercial Bank and Chinatrust Commercial Bank have representative offices here. Meanwhile, Taipei Bank is scheduled to open a representative office in London in March.

Gold Imports Decrease in 1993

OW1702075894 Taipei CNA in English 0720 GMT 17 Feb 94

[By Danielle Yang]

[Text] Taipei, Feb. 17 (CNA)— Taiwan imported 134,096 kilograms of gold in 1993, down 24.54 percent compared to 177,711 kilograms imported in 1992, a spokesman for the World Gold Council's Taipei Liaison Office said Wednesday.

Gold bullion accounted for 129,639 kilograms of the imports, followed by 1,858 kilograms of gold coins, the spokesman said.

In 1992, he noted, Taiwan imported 174,603 kilograms of bullion and 2,813 kilograms of gold coin.

The World Gold Council attributed the decreasing imports to declining prices in international markets, which in turn affected people's willingness to hold gold, the spokesman said.

The Geneva-based World Gold Council was established in 1986 to promote global trade in gold investment and ornaments as well as in industrial usage.

The Taiwan Liaison Office was set up in 1992, bringing the number of council offices to around 20, the spokesman said.

Hong Kong**Reports on Financial Arrangements for Airport****Official on Exchanging Views***HK1702040094 Hong Kong TA KUNG PAO in Chinese
17 Feb 94 p 1*

[Report: "The Chinese Side Is Studying the Airport Financial Arrangements and Is Willing to Exchange Views With the British Side"]

[Text] Guo Fengmin, Chinese chief representative to the Sino-British Joint Liaison Group, said yesterday (16 February) that the Chinese side has initially studied the British side's fourth set of financial arrangements for the airport, adding that there is still one question to study and a need to exchange views with the British side. He hoped that the Airport Authority experts group could call a meeting this month.

Guo Fengmin made these remarks while attending a Lunar New Year gathering sponsored by the Heung Yu Kuk [local consultative bodies in the New Territories]. He pointed out: On the airport issue, not long ago, some people from the British side said that the Chinese side had not raised comprehensive suggestions at all, but subsequently they said that the British side's proposals completely met the Chinese side's demands. This is contradictory.

Guo Fengmin further explained: Since the Chinese side did not raise any comprehensive suggestions, why did the British side say that its proposals completely met the Chinese side's demand? As a matter of fact, at an Airport Authority meeting in August last year, the Chinese side had already systematically put forward its suggestions. It took almost six months for the British side to raise its proposals. Who is delaying after all?

On granting land approvals, he said that the Airport Authority would certainly discuss land approvals, but some detailed questions would have to be discussed by the Land Commission [Sino-British Land Commission].

Guo Fengmin said that the defense experts group meeting of the Sino-British Joint Liaison Group had been delayed too long by the British side. He hoped that major progress would be made at this meeting.

PRC Objections Spelled Out*HK1702055994 Hong Kong HONGKONG STANDARD
in English 17 Feb 94 p 1*

[By Political Editor Mary Binks]

[Text] China has dashed hopes of a speedy resolution to the protracted wrangling with Britain over the financing of the Chek Lap Kok airport. Beijing yesterday gave its first indications of dissatisfaction with the latest financing proposal submitted by the British side more than a week ago. Britain's fourth funding proposal in a

year was believed to have met China's demand for a bigger equity injection to cushion debts incurred by the Provisional Airport Authority (PAA) and the Mass Transit Railway Corporation (MTRC). But Chinese sources yesterday said the obstacles to agreement remained two-fold.

The proposed equity injection of \$60 billion is contingent on China's approval of an additional land grant. Britain wants 62 hectares of land along the airport rail link sold under a gradual sell-off. The grant would be in addition to the annual 50-hectare ceiling for land sales stipulated in annexe three of the Sino-British Joint Declaration. But the Chinese side remains concerned about the effect of this on the coffers of the post-1997 Special Administrative Region (SAR) government. Sources said the Chinese side was reluctant to change the arrangement under which this land could be disposed of only by the SAR government.

The other obstacle was the Chinese side's dissatisfaction with what it regarded as Britain's failure to establish an independent committee to monitor the cost of the airport project. It maintained that the British side had persistently circumvented the Airport Consultative Committee, a body set up to oversee financing arrangements.

Despite China's concerns over the latest funding proposal, it is expected to propose a meeting of the Sino-British Joint Liaison Group (JLG) Airport Committee next week. Chinese JLG team leader Guo Fengmin yesterday confirmed that Beijing had studied the fourth financing proposal, but that there were problems which needed to be discussed. Mr Guo would not elaborate. Three rounds of JLG expert meetings are expected to be held in the next two weeks. Next week, the two sides will try to resolve the impasse on the future of military sites in Hong Kong after 1997.

'Pro-Beijing' Party Urges Candidates Not To Split Vote*HK1702060394 Hong Kong HONGKONG STANDARD
in English 17 Feb 94 p 4*

[By Jim Cheung]

[Text] Pro-Beijing candidates in this year's district board elections have been urged to avoid splitting their vote. The call came from the pro-China Democratic Alliance for the Betterment of Hong Kong (DAB).

September's election looks set to be a litmus test of democracy in Hong Kong, with a close contest between the liberal and pro-China factions. The United Democrats, Meeting Point and the Association for Democracy and People's Livelihood have already struck an unprecedented electoral deal to avoid putting up competing candidates. Now, pro-China factions are looking at similar measures.

The DAB's vice-chairman, legislator Tam Yiu-chung, said yesterday he would welcome the co-operation of other pro-China candidates or parties intending to contest the election. He added that his party had not yet canvassed support for the idea. "This is not just to counter the liberal forces, but to avoid clashes within the pro-China camp," he said. Despite successes in the previous election, the liberals might have difficulty coordinating a pact to maximise their vote, Mr Tam predicted. "It's not easy to compromise since there are so many liberal factions competing." He revealed that the DAB itself was facing some internal friction over candidates.

Meeting Point legislator Zachary Wong predicted a bitter battle in each constituency between liberal and pro-China candidates. "I believe most of the constituencies will be a one-to-one battlefield with a pro-China and a liberal candidate fighting each other," he said.

PRC 'Will Not Accept' Reforms Adopted by Legco
HK1702105694 Hong Kong WEN WEI PO in Chinese
17 Feb 94 p a12

[Report: "Zheng Guoxiong Stresses That the Chinese Side Will Never Accept the So-Called Constitutional Reform Pursued Unilaterally by the British Side"]

[Text] Zheng Guoxiong, deputy director of the XINHUA Hong Kong Branch, stressed yesterday that given the fact that the Chinese and British sides have not reached agreement on arrangements for the 1994-95 elections, the Chinese side will not accept any political reform proposals the British Hong Kong Legislative Council [Legco] may adopt. The Chinese side will step up "preparing its own package [ling qi lu zao 0659 6386 3619 3501], and will reorganize the three-tier councils on 1 July 1997 in accordance with the Basic Law.

After attending a New Territories Heung Yee Kuk Spring Festival gathering yesterday, Zheng Guoxiong answered reporters' questions, saying: The Chinese side has repeatedly stated that on the issue of arrangements

for the 1994-95 Hong Kong elections, the Chinese side has hoped right from the very beginning that an agreement would be reached through talks. But, as everybody knows, the British side unilaterally announced the end of the talks and tabled the political reform proposals in Legco, resulting in the termination of the talks. In this situation, whatever resolutions Legco may adopt, and in accordance with whatever resolutions the three-tier councils are to be established, their tenures will only continue until 30 June 1997. On 1 July 1997, the Chinese side will reorganize the three-tier councils in accordance with the provisions of the Basic Law. This is the Chinese side's firm position. The Chinese side will make preparations in keeping with this plan. He urged the people of Hong Kong to strengthen communication and solidarity and jointly carry out this work properly.

Zheng Guoxiong reiterated: The Chinese side has consistently taken a positive attitude toward things that have a bearing on Hong Kong residents. Cooperation between Guangdong and Hong Kong and between Hong Kong and Shenzhen in traffic, public order, and anti-mugging operations is there for all to see. He said that the Chinese side adopts a positive attitude to promote cooperation between the two sides so as to resolve livelihood problems that have a bearing on Hong Kong residents. He urged Hong Kong residents to rest assured that the Chinese side will be devoted to maintaining Hong Kong's social prosperity and stability.

Asked about the financial arrangements for the new airport, Zheng Guoxiong said that the Chinese side is currently studying the fourth new airport financial proposals put forward by the British side. He held that the fact that Guo Fengmin, chief representative to the Sino-British Joint Liaison Group, recently proposed first holding a meeting of the expert group of the Airport Committee is a responsible attitude and a pragmatic practice. He said that if the two sides hold Airport Committee meetings on the basis of the expert group's studies, they are heading forward in the direction of resolving problems.

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